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The New REPUBLIC

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The Week

EVERY Washington observer reports an electric change in the atmosphere of that city since Mr. Roosevelt took office. Arthur Krock, correspondent of The New York Times, called it as startling as changing from an oxcart to a high-speed airplane, and more than one commentator has remarked that Mr. Roosevelt had to make as many critical decisions in his first week as some Presidents do in their entire terms. On the whole, there can be no question but that he has done extremely well. Under the greatest pressure to guarantee bank deposits, he refused to accept this dangerous proposal. He stuck also to the sound principle that insolvent banks should stay closed until they are completely reorganized or amalgamated with other institutions. His decision not to permit the issuance of local scrip, which could not be circulated outside the city of its origin, but to issue instead new currency based on the liquid assets of the banks—with a broad interpretation of liquidity—was undoubtedly a wise one.

THE President was well advised, also, to lose no time in asking from Congress dictatorial power to effect governmental economies with a view toward balancing the budget. The honeymoon period will soon be over, and he must move quickly while Congress is still impressed with the seriousness of the national emergency. It has long been obvious that the legislators lacked courage to make the reductions in veterans' pay which were both just and desirable, and Mr. Roosevelt has shown political courage and a recognition of the realities by endeavoring to take the task upon himself. A great deal of nonsense has been talked about the desirability and importance of a balanced budget; but it is true that in such a period as we are evidently entering, income and expenditure should be close enough together so that new government loans can be floated without paying impossibly high interest. The sudden jump in the rate on Treasury short-term obligations from about one-tenth of one percent to more than 4 percent indicated the desirability of some retrenchment. It goes without saying that to avoid making the depression worse, this retrenchment should bear as lightly as possible upon people with small salaries, who already spend nearly everything they get on consumer goods.

THE argument regarding reductions in veterans' allowances is much the same as that in regard to the bonus. The Communists supported the bonus partly because the people demanding it were for the most part unemployed workers, partly because they thought it would be an entering wedge for a similar distribution of government funds to all needy elements in the population and partly because they considered it a step toward the breaking down of capitalism and a capitalist government in the United States. The New Republic has favored large federal expenditures which in one way or another would augment consumers' buying power. It opposed the soldiers' bonus because that scheme would overlook so many other needy individuals who were not in the nation's armed forces, and because it would distribute money to many thousands of persons who are fairly well-to-do and would not use these funds for consumption goods. If he wishes to do so—and there is every reason

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to believe that he does—Mr. Roosevelt can make his reductions in the veterans' pay with very little hardship to any deserving ex-service man—especially if by other activities he enlarges their chances of employment. He should lop off the tremendous increase of $400,000,000 piled upon the taxpayers a few years ago, which gave disability allowances to all sorts of people for diseases which are not in fact disabling, and many of which were incurred long after the War was ended. It is hard to support these recent additions on any other than sheer hog-trough principles.

AFTER a two-day conference with Secretary Wallace, fifty farm leaders agreed to lay their burden on Mr. Roosevelt's broad shoulders. They had put aside the domestic-allotment plan which most of them had heretofore favored, but had been unable to agree on a specific substitute. They therefore asked for legislation conferring on Mr. Roosevelt the most sweeping dictatorial powers in still another field of administration. Under this legislation, he could probably institute the domestic-allotment plan if he wished; he could put through the cotton scheme which died in the last session, under which planters who agreed to a 30-percent reduction in acreage would be entitled to take options on large amounts of government-owned cotton at present low prices. He could lease land and hold it out of production. He would be authorized to fix prices, and control the production and marketing, for wheat, cotton, corn, hogs, cattle, sheep, rice, tobacco, milk and milk products, for the purpose of restoring the pre-war relationship between agricultural and industrial prices. Mr. Roosevelt pledged himself during the campaign to improve the farmers' purchasing power, and at that time he intended to utilize the domestic-allotment plan. What he now proposes, nobody yet knows.

MR. Roosevelt has shouted "Beer!" at Congress, and Congress has hastened to obey. The President made his appeal on a basis of revenue: it is estimated that the government tax on beer will bring in $100,000,000 or $200,000,000 annually, and Uncle Sam needs the money. There is probably some psychological value in legalizing beer at this time, and in itself, we see no reason to regret the measure. Yet there are some aspects of it which are dubious. The bill introduced calls for beer which is 3.2-percent alcoholic by weight. This is very weak beer indeed; when Canada experimented with such a brew, the public would have nothing to do with it, and it was abandoned. A good many Americans will probably go on buying stronger stuff from the bootleggers, and if they do, the government revenue may be much smaller than is anticipated. This is particularly true in view of the fact that the federal authorities have now practically abandoned the attempt to enforce prohibition. On the other hand, if the beer which is now to be legalized should prove satisfactory, it may have a discouraging effect upon the desire of the states to ratify the repeal amendment; and this is made more likely by the general expectation that once the law is in effect, the breweries will manufacture without interference beer which is as strong as anybody wants. Finally, to entrench the brewers in a strong position at this time will make it very difficult to set up an intelligent system for the production and sale of liquor after the Eighteenth Amendment has been repealed. All this, however, seems to mean nothing at the moment, when compared with the magic and mystical significance of the blessed Mesopotamian word, Beer.

WINTHROP W. Aldrich, president of the Chase National Bank, has put forward the most radical proposal yet made during the depression by anyone in a position of power. Much has been said in the past about divorcing commercial banks from their investment affiliates. But, until Mr. Aldrich spoke, the public had overlooked the fact that the private bankers, who are the oldest and most important channels of issue for investment securities, control many of the largest commercial banks. To separate such institutions as the Chase National and the National City from their security affiliates, while leaving J. P. Morgan and Company in control of the First National and other great banks, would be to do less than half the job. Mr. Aldrich wants not only to prevent the private investment bankers from being directors of commercial banks, but also to bring them under the same regulation as ordinary banks and prevent them from issuing securities if they accept deposits. He wants bank directorates to be small and thoroughly cognizant of the bank's affairs—a reform which would virtually end the practice of interlocking directorates. If this program were carried through, the prestige and power of J. P. Morgan, Kuhn, Loeb, Seligman Brothers and other foundations of the old capitalistic order would suffer immense restriction. The rising tides of change are now lapping the base of the great rock of finance capital. Mr. Aldrich's changes would not, to be sure, destroy private control of financing itself; they would merely distribute and shift the center of power. But when capitalism begins to crack from within, movements to change it from without have approached closer to power.

THE decision of the United States Supreme Court in the Florida chain-store taxation case represents a conflict between two sets of social principles, both of which are valid and important. Florida, like Indiana and some other states, has attempted to tax chain stores, not in the effort to take some part of the excess profits of a big corporation, but to drive them out of existence and give their business to small, individual storekeepers who are usually inefficient and reflect this inefficiency in higher prices to consumers. This policy the majority of the Supreme Court has disapproved, taking as a pretext the fact that the Florida tax was made progressive

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by counties, so that the owner of a chain within the limits of one county was taxed less than the owner of another which existed in two counties or more. Mr. Justice Brandeis, in dissenting, did so on the entirely sound basis that vast corporations control too large a share of America's wealth, and that their failure to redistribute their profits is one of the causes of our present economic difficulties. The problem before the country obviously is: How can the advantages of large-scale operation be preserved and the great corporations still be curbed? It is a problem on which singularly little progress has been made in the past thirty years.

HOW serious is the European situation is shown by events of the past week. The so-called Disarmament Conference has been dragging along for weary months without getting anywhere; with Europe divided into two armed camps and the danger of war between them growing daily, it is obvious that there is no possible hope of reducing armament at present. Mr. MacDonald, with that blind optimism which is one of his most irritating characteristics, thought he could solve the unsolvable by a conference of the leaders of the four chief countries. But when he asked Daladier, Hitler and Mussolini to confer with him, only Daladier accepted. The refusal of the others was undoubtedly the result of a conference between them, and strengthens the impression that open revolt against the Versailles system may not be far away—an impression which is deepened by the development of a new dictatorship in Austria. In this juncture, Mr. MacDonald's hopes turn to America. He believes that with Mr. Roosevelt in control, America may be willing, in the hope of obtaining disarmament, to give France that pledge of security she has so long and vainly sought. America, however, has troubles of her own; and the rise of Hitlerism in Germany has lessened even the little enthusiasm there was here for reëntering European affairs.

THE Roosevelt administration has taken its first important step in foreign affairs by advising the League of Nations that this country will coöperate with the League's special advisory committee on the Far Eastern situation, though the United States reserves independence of judgment and action. The announcement of course occasions no surprise; it was foreshadowed some time ago by Secretary Stimson, and it was an open secret that his statement at that time represented the views of Mr. Roosevelt and Mr. Hull. The present announcement would perhaps have more significance if anyone knew what action the League intends to take in regard to Japan. All the talk about forcible sanctions, embargoes and boycotts which was heard a few months ago has withered away to nothing. It is now clear that neither Great Britain nor France will apply any coercion whatever to Japan. Soviet Russia has refused to coöperate with the League's advisory committee. Even if the other powers were willing to institute an embargo, it is hard to believe that the United States would join. Under the present circumstances, therefore, the action of this country in agreeing to stand by the League becomes no more than a gesture of international coöperation. Whether or not it will ever mean more than that, remains for the future to say.

AFTER the German revolution of 1848, the best of its leaders, working class and middle class alike, were forced into exile. Many of them came to the United States, which at that time welcomed political refugees of all oppressed nations. This country profited hugely by its generosity: whole cities were built by the German exiles, whole countrysides carved from the wilderness, whole regiments recruited among them during the Civil War. Carl Schurz and Franz Siegel were only two leaders among thousands. But that was eighty years ago. Today a new migration is beginning in Germany: the most energetic, bold, self-sacrificing of the working-class leaders, if they escape prison or assassination, are being forced to take flight across the border—but this country no longer welcomes them. Political refugees can't provide themselves with passports duly visaed by our consulate in Berlin. Political refugees don't come within the quota. Even if they do, there is a chance that the Dies Bill will be passed by the new Congress—in which case there will be inquisitors at every American port to examine into the political opinions of the new exiles and send them back to German prisons for the crime of having read "Das Kapital."

A BITTER quarrel has recently developed between some of the Board of Directors of Brookwood Labor College, Katonah, New York, and the director of the institution, Mr. A. J. Muste. As a result of the difficulty, Mr. Muste has resigned and about two-thirds of the student body have walked out, at least temporarily. Into the details of the situation we have not space to go; their complications are attested by the fact that more than 30,000 words of official explanation of the controversy had reached our office by Tuesday last, with more on the way. The Brookwood directors apparently felt that Mr. Muste is at present too radical for them, that he has devoted an undue proportion of his time to the Conference for Progressive Labor Action, and that he has looked upon Brookwood as being too much a training school for workers in the C.P.L.A. Mr. Muste, naturally, denies these charges and says in turn that the Brookwood directors are too timid and conservative. It is impossible for outsiders to exercise an accurate judgment about such a quarrel as this, even with 30,000 words of official statements to guide them. The New Republic hopes that Brookwood, under its new leadership, will go forward and assume an important place in the American labor movement; and we wish all success to Mr. Muste, who will henceforth give his whole time to the C.P.L.A.

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Is It Inflation?

LET US agree to call inflation a net of expansion of purchasing power in circulation, sufficient to finance an increase of business activity and possibly to stimulate a rise in prices. Such expansion is what the proponents of inflation want, and too much expansion is what its opponents fear. Without expansion, nothing that is done to currency or credit will have any practical effect.

When the banks closed, there were approximately $42,000,000,000 of bank deposits. These, plus the currency in private possession—such currency as was not being hoarded—were the measure of purchasing power. When all the banks reopen which are permitted to reopen, a considerable proportion of these deposits will be locked up in insolvent institutions. The depositors' loss may be $10,000,000,000 or more; at the least it is unlikely to be less than $6,000,000,000. The new currency to be issued under the emergency legislation will probably not total more than $4,000,000,000. It will almost surely be insufficient to take the place of the purchasing power lost in bank deposits. Even if all hoarded currency comes out of hiding, there cannot be any immediate increase in the net volume of money and credit being used.

The new legislation is so framed that the banks will, as soon as they can, retire the emergency currency and substitute for it ordinary bank loans and investments. They will make more money that way, on account of the interest rates to be earned in the several operations. Therefore any expansion of bank loans is not likely to increase the total purchasing power until the new currency is retired; up to that point loans will simply take the place of currency.

One inflationary influence may possibly arise in the meantime: the money and credit in existence may do more work by being spent faster. Velocity of turnover was low when the banks went under; it may, in a burst of public confidence, increase. Most economists hold that an increase in velocity is equivalent to an increase in the quantity of money and credit. But this development is uncertain. In any event, it is self-limiting, because the velocity cannot increase indefinitely.

After the emergency currency is retired—a process which may require months—there is another chance of inflation. Bank credit may go on expanding. It could expand by about $6,000,000,000, if the gold reserves of the bank were restored to the level of a few months ago and if the Federal Reserve banks held as many government securities as they did then—an eventuality which is quite possible. There were about $600,000,000 of excess reserves last winter, and credit can expand at a ratio of about ten dollars of loans to one of reserves. Note, by the way, that inflation of this sort can take place without the slightest modification of the gold standard. The question is, however, whether the mere presence of excess reserves would cause available bank credit to be used in the next few months any more freely than in the past few.

If what prevented commercial borrowing in the past was mere reluctance of the banks to lend, because in the general uncertainty they wished to remain liquid at all costs, and if, with the insolvent banks wiped out of the picture, public confidence in the banks is restored, they may lend more freely and give more effect to excess reserves. On the other hand it is possible that loans have not expanded because there are not enough solvent borrowers who know how to use the money profitably. There is no definite prospect of a change in this situation. A rising price level would change it; but how are rising prices to start unless business first begins to borrow? Another development which might change it is a general reduction of the more rigid prices to something like a parity with the prices which have fallen most. If the farmers, home-owners, railroads and the heavily bonded industrial concerns can be relieved of a large part of their debt burden by slashes in interest rates and principal amounts; and if railroad rates and utility rates and the prices of steel, agricultural machinery, automobiles and other industrial products can be drastically cut, the demand for goods may increase so that expansion is possible. But the measures necessary to bring about this result would take a long time and deliver more body blows to confidence on the route. This may be the only possible way out of the depression, but it is still not an easy or quick one, and it certainly is not inflation—though it may eventually lead to it.

One highly important domestic factor remains to be considered—the fiscal policy of the government. If the government increases its total expenditures there will be more purchasing power in circulation; if it does not, inflation is impossible from this source. President Roosevelt at present is engaged in two courses of action, one of which shrinks government spending and the other of which expands it. He is economizing in current expenditures, principally at the expense of veterans. He may cut anywhere from $500,000,000 to $1,000,000,000 from the budget in this way—the lower figure being closer to the practical possibilities. He will add perhaps $400,000,000 for direct relief through the Reconstruction Finance Corporation, and $500,000,000 for public works through a new bond issue. Possibly the R.F.C. will extend additional credit to the states and local governments for public works, though their present temper is such that it seems unlikely that they would make much use of increased borrowing facilities. On balance, therefore, expenditures of the federal government and of state and local units are not likely to be increased in the near future.

The federal government must now refund large amounts of old obligations, and the necessity of carrying on these refunding operations by means of a banking system with restricted resources makes it difficult to issue new securities for further expenditures, at least for a time. If the President succeeds

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in "balancing the budget," at least as far as ordinary expenditures are concerned, and in carrying through the necessary refunding operations, and if confidence in the banks restores their reserves, it will be possible to issue larger amounts of bonds for new capital expenditures. Under the emergency law, government bonds can be turned into cash either by banks or by individuals. This will make it easy for purchasers to buy them on credit. Thus the way is open for an indefinite expansion of government spending, based on credit, to increase employment and put purchasing power in circulation. But that cannot happen very soon. And the intentions of the administration in this direction are not yet known. It may wait to see whether private enterprise revives and produces inflation through private borrowing. It may carry the deflationary process further by putting mortgages and railroad bonds through the wringer. And it may strive to create a better balance of prices by adopting some effective plan of raising the prices of farm products. None of these courses will involve a prompt expansion of purchasing power.

There remains, finally, the question of what will happen to the foreign-exchange value of the dollar. In foreign exchange we are now definitely off the gold standard, at least as long as the embargo on the export of gold remains in force. We have done, in the emergency, exactly what the opponents of the gold standard wanted us to do. We have done it even more completely than if we had reduced the gold content of the dollar. If, now, the dollar sinks in terms of the pound or the franc, it will be cheaper for foreigners to buy in the United States, our export trade will be stimulated, and the price of articles sold abroad may rise. But the first result, at least, was that the dollar rose instead of falling. This may be the consequence of covering by short speculators. We see no reason, however, why the dollar should fall. We still have a net export balance of trade. We are a creditor nation, and so far as interest or principal are paid by our foreign debtors, payments on capital account to this country will be added to payments for goods. We are not making new foreign loans and thus are not sending new money out of the country. All this means that payments coming into the United States are likely to be at least equal to payments going out. Thus the demand for dollars in the exchange markets will be fully as great as the demand for foreign currencies. If Americans became frightened, a flight of capital abroad might temporarily depress the dollar, but confidence here seems to be increasing.

Under these circumstances the dollar can hardly fall in price, at least for long. It may be pushed down by exchange manipulation in New York, if to push it down accords with the policy of the administration. But any such attempt would be met by exchange operations in London to push it up. In such a duel, Britain would have the advantage of floating on the natural economic current. As we pointed out not long ago when discussing the proposal to reduce the gold content of the dollar, modifying the gold standard, or abandoning it entirely, is not likely, under circumstances like these, to affect the exchange value of the dollar or to advance prices in the United States.

Clearly, there is no immediate prospect of inflation. Even in the indefinite future, inflation is problematical. Uncontrolled and disastrous inflation need not be feared for a long time yet; what we really ought to fear for the present is that purchasing power in circulation will not expand enough to bring a needed revival.

Storm Clouds over Europe

THE World War began in the Balkans; and partly for this reason and partly for others which are more legitimate, sensational journalists have predicted, every few months for the past fifteen years, that another conflict of the same character was about to start in the same place. These cries of "Wolf!" have had the expected effect; it is hard to make people any longer take them seriously. And yet it is true that there is more danger today than at any other time since 1918 of a new conflict in that corner of the world; and that it might easily spread into a general European war.

The important new element in the situation is of course the rise of Hitler to power in Germany. The bonds between himself and Mussolini are too obvious to need comment. But long before the Nazis assumed their present position in Germany, Italy was trying to develop a new friendship with that country, and with Austria and Hungary. The reason for this was of course to create an offset to the five-nation system of France, including Poland and the Little Entente—Czechoslovakia, Rumania and Jugoslavia. As long as Germany remained comparatively aloof from the Italian bloc, the threat, while serious, was not critical. Now, however, the position is dangerous to the last degree.

Two recent developments have served to emphasize these dangers, the first being the Hirtenberg affair. A large quantity of military equipment, including 200 machine guns and at least 50,000 old rifles, was sent from Italy to munitions plants in Austria, to be reconditioned. It seems clear that some of this equipment was to be sent into Jugoslavia to be used by rebellious Croatians against the government. More of it was presumably destined for Hungary to resist armed invasion by the Little Entente powers. Still more is said to have been intended for Austrian Fascists, to be used in another attempt at revolution there.

News of this shipment leaked out, whereupon Great Britain and France took an extremely unusual step. They addressed a joint note to Austria demanding in the strongest terms that these weapons should be returned at once to Italy, and asking further for what amounted to an apology by the

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Vienna government. Mussolini came into possession of the Franco-British note, and to the anger and dismay of the Allied diplomats, he published the contents of this supposedly secret document. Amid the reverberations of his action, a compromise was effected. Austria agreed to return the guns to Italy, and gave private assurances of this to the French and English. She did not, however, make any formal reply to the humiliating document she had received.

Now Italy has raised a new storm, by another alleged revelation. The members of the Little Entente have recently been conferring, and the Italians say that among the fruits of this conference is a new military alliance which contains a serious threat to Hungary, the Little Entente nations agreeing among themselves that Hungarian territory shall be invaded if any of them becomes involved in a war with any third power. To be sure, the statesmen of the Little Entente deny that this is true; but equally as a matter of course, nobody in Europe believes these denials unless it suits his convenience to do so.

Meanwhile, a continuing cause of trouble is the relation betwen Italy and Albania *vis à vis* Jugoslavia. The Jugoslavs have long regarded Albania, and rightly, as virtually an Italian protectorate. They also, and with equal correctness, look upon it as a loaded rifle held against Jugoslavia's head. When, a few weeks ago, Italy tried to cement her relations with Albania by means of a new customs union, all Europe shuddered at the possible consequences—and most of all, France, remembering her own troubles with the Austro-German customs-union proposal not long ago.

Two other countries play important roles in this situation as it develops. England has wabbled recently between half-hearted support of Italy and the attempt to play her traditional part and act as peace-maker and counterweight between the two opposing systems. Soviet Russia, profoundly anxious for peace which will enable her to work out her domestic program, evidently finds it difficult to know what course to pursue. The French group of nations contains three of her most bitter enemies in the recent past—Poland, Rumania and France herself, who so largely aided the counter-revolutionary movements of the early post-war years. On the other hand, while Germany has aided Russia in the past, the Hitler regime is as violently hostile to Communism as it is possible to be. Russia has long had friendly economic relations with Italy; but the Russians know that Mussolini is strictly an opportunist in foreign affairs, who will dine with you tonight and stab you in the morning if expediency seems to tell him to. Russia can, of course, derive some comfort from the fact that her two bitter enemies, the Hitlerites and the Poles, hate each other and are as likely to fight over the Danzig Corridor as either of them is to make war on the U.S.S.R. Meantime, Russia demonstrates her pacific intentions by signing treaties of amity as rapidly as possible, with France, with Poland and anyone else who is willing.

Finally, what has all this to do with the League of Nations? Even the blindest partisan of the Geneva body is forced to admit that what is developing in Europe is completely contrary to the spirit of the League and may prove even more of a menace to it than even the Far Eastern situation. But everyone also knows that the diplomats of Europe have never altered their course because of the League. Whatever they have said in public, they have continued to play the old game according to the old rules. It is only natural to suggest that since these rules produced a World War in 1914, they will do so again if the game goes on.

Murder in California

AN EARTHQUAKE may be legally described as an act of God; but the 116 people or more, who were killed last week in Southern California, cannot be described as in any sense the victims of God's will. It is not too much to say that many of them, if not all, were murdered—murdered by the cupidity of California business men. Ever since the disastrous San Francisco earthquake of 1906, California seismologists and geologists have been trying unsuccessfully to get the state to adopt and enforce a building code which would make earthquake-proof construction compulsory. Not only have they failed, but the California press and the Chambers of Commerce have had a conspiracy of silence regarding the danger of another severe earthquake, which the scientists knew was certain to take place in the Los Angeles region. Here are a few quotations from "Earthquake Damage and Earthquake Insurance," by John R. Freeman, a leading authority in this field. (New York: The McGraw-Hill Book Company.) They tell their own story:

> Building laws and their enforcement in many places have been woefully lax. The earthquakes at Santa Barbara, at Inglewood (in the Los Angeles district) and at Calexico-Mexicali have revealed flimsy construction to an extent that is amazing and should not be tolerated or quickly forgotten. [Mr. Freeman wrote in 1932.]
>
> In San Francisco, in July, 1926, the writer saw in course of construction admirable buildings . . . while near them he saw other buildings apparently being built in the cheapest manner possible that could "get by" the enforcement of the building law. . . .
>
> The city officials charged with public safety in Los Angeles, San Francisco and some other California cities, judged by what any competent engineer could easily find in the year of grace 1926, appeared strangely lenient toward the speculative builder. . . .
>
> The present writer remembers very clearly his conversations with the late President Branner of Stanford University . . . in which he told of the efforts made by eminent Californians to silence him regarding popularizing earthquake study.

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The record of California is all the more shameful when compared with that of Japan. Since the disastrous Tokio earthquake of 1923, the Japanese have required that all important new buildings should be 'quakeproof, and their new construction has stood the test with complete success. It is to be hoped that since the lying propaganda of the California business men has now been shown before the world to be false, that state, with the blood of so many victims fresh on its hands, will at last take steps to minimize the danger which still exists.

The Scottsboro Case Again

WITH THE opening of the second Scottsboro trial the old fires of violence and intimidation have broken out afresh. They seem, indeed, to burn even more hotly than they did during the first trial, when mobs of armed men surrounded the courthouse and, after the verdict was announced, jubilantly paraded the streets behind a brass band blaring, "There'll Be a Hot Time in the Old Town Tonight." During the hearings which recently took place in Scottsboro, when the defense was granted a change of venue to Decatur, the atmosphere in the town resembled to an alarming extent that which pervaded it during the first trial. Armed men crowded the courthouse or loitered in the streets. Farmers in their Sunday best came in from the country to see the sport and everything suggested that the mob was ready to execute justice in its own fashion.

The change of venue to Decatur was in no way a victory for the defense, which is now endeavoring to have Judge E. A. Hawkins rescind his order and have the trial held in Birmingham. There the chances of mob violence are less. Decatur, a town of 20,000 inhabitants, is but fifty miles from Scottsboro and there is little reason to believe that the contagion of violence from the latter town has not spread to it. Moreover, the jail in Decatur is a flimsy structure, the doors could be battered down easily and in case the boys are acquitted there, an eventuality which grows more and more remote as feeling rises, attempts would certainly be made upon their lives. "The boys will burn," a representative citizen announced to one of the International Labor Defense lawyers handling the case. "They'll either burn in the chair—or they'll burn otherwise."

During the last few months there have been two developments which show on what dubious testimony the boys were convicted. The first of these was the repudiation of her testimony by Ruby Bates—one of the two girls who brought charges of rape—in a letter which we reprinted two weeks ago. Since the publication of this letter and the opening of the new trial Ruby Bates has disappeared. It is highly improbable, however, that the prosecution is sitting up nights waiting for her—so discredited a witness would hardly be of much value in the new trial, even though her testimony nearly sent the nine Negro boys to their death two years ago.

The other interesting development was an interview with Roy Wright, published on March 10 in The New York Times, which, incidentally is displaying a remarkable degree of journalistic integrity in its handling of the case. Roy Wright, it will be remembered, was the youngest of the Negro lads—he was only thirteen at the time of his arrest—and his testimony was used to convict two of his friends. In the interview with the Times reporter, the first which the prison authorities have permitted in the last two years, Roy Wright alleges that he was whipped into turning state's evidence. This is his story as reported by The New York Times:

> I was sitting in a chair in front of the judge and one of those girls was testifying. One of the deputy sheriffs leaned over to me and asked me if I was going to turn state's evidence, and I said no, because I didn't know anything about this case.
>
> Then the trial stopped awhile and the deputy sheriff beckoned to me to come out into another room—the room back of the place where the judge was sitting—and I went. They whipped me and it seemed like they was going to kill me. All the time they kept saying, "Now will you tell?" and finally it seemed like I couldn't stand no more and I said yes.
>
> Then I went back into the courtroom and they put me up on the chair in front of the judge and began asking a lot of questions, and I said I had seen Charlie Weems and Clarence Norris in the gondola car with the white girls.

There is danger that the Sacco-Vanzetti case will be reënacted in Alabama—that "those damned niggers" will burn as a lesson to their race, just as "those anarchist bastards" were killed to preserve the good name of the Massachusetts courts. If anything, the animus against the Scottsboro boys is more violent. It is all the more imperative that their case should receive the widest support, and that the I.L.D. should be given every possible aid in its fight to save the boys from the onrush of class fear and race hatred.

THE NEW REPUBLIC

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The Debt Burden

How Big Is It and Why Is It Heavy?

THE DEBT burden is pictured by some as a monster about to devour us. It grows from day to day, we are told, in geometrical ratio by the operation of compound interest, while we shrink and starve. Prosperity cannot return while it overshadows us. Indeed, the whole capitalist world upon which it and we both stand may crack under its weight. But few have inspected this behemoth closely. Let us have a look at the great enemy, before we scatter from it like children frightened by the dark.

First, how big is it? Howard Scott wrote in an article in Harper's Magazine that interest on debt now absorbs one-half of the national income. Mr. Gardiner C. Means of Columbia University has prepared an unpublished analysis which makes the total of interest appear much smaller than that. For purposes of estimate, he has divided interest payments into four classes: interest received by corporations (including banks and insurance companies), interest received by individuals from government securities, interest received from sources other than governments by individuals filing income-tax returns, and interest received from sources other than governments by individuals not filing income-tax returns.

Financial corporations (banks, etc.) in 1929 received in interest $4,355,000,000. Because their receipts from this source have shrunk since 1929, this is a maximum figure. But these corporations also paid out a lot of interest to depositors and others. A bank represents a conduit of interest rather than an ultimate receptacle. If we count all that it receives and later count all that individuals receive from it, we shall have a duplication in our figures. What we are really looking for is these corporations' *net* interest receipts. They paid out, altogether, $2,166,000,000. In order to be on the safe side, Mr. Means assumes that $166,000,000 of these out-payments was not a duplication. Subtracting, then, $2,000,000,000 of payments from $4,355,000,000 receipts, we arrive at $2,355,000,000 as the net interest receipts of financial corporations.

Non-financial corporations in 1929 received $1,216,000,000 in interest and paid out $2,758,000,000. Most of the interest received must have been paid out again. But if we assume that as much as a third of what they received as interest was not so paid out, we have a net figure for interest receipts of these companies of about $400,000,000.

It is estimated that, in the summer of 1932, individuals held $11,000,000,000 of federal securities, and $10,000,000,000 of state and local government securities. Applying the rough average of 4 percent as the interest rate on the federal securities and 6 percent on the others, we have $1,040,000,000 received by individuals from this source.

Mr. Means estimates, from the 1931 income-tax returns, that the individuals filing these returns received roughly $1,500,000,000 in interest from non-governmental sources. It is much more difficult to guess how much interest was received by individuals not filing income-tax returns. But, from examination of the figures of savings deposits, he arrives at a maximum of $700,000,000.

The total of the interest received by individuals conceals duplication, like the interest received by corporations. A man may be getting interest from a savings account or a bond, and also be paying interest on a mortgage. On account of the difficulty of making any guess as to the size of this duplication, Mr. Means leaves it out of account altogether. The figures for interest received by individuals are therefore far from being too small.

Adding up these totals, we find that they look like this:

	Gross Interest Received	Net Interest Received
Corporations	$5,571,000,000	$2,755,000,000
Individuals	3,240,000,000	3,240,000,000
	$8,811,000,000	$5,995,000,000

Since the national income can hardly have been under $40,000,000,000 even for the depressed year of 1932, the charge for interest on debt looks more like one-seventh of the total than it does like one-half. Mr. Means's estimate of course is based on a number of uncertain approximations, but it is about as good a guess as can be made and is generous to those who wish to emphasize the amount of the debt. Certainly it is a more careful calculation than any other which I have seen.

Next, what is the nature of the debt burden? Those who talk and write about it often speak as if it were a drain, piping off income to Jupiter, or at the very least to Europe or Asia. The nation makes such and such an amount of money, pays out some of it to buy bread, automobiles and houses, and sends the rest off in interest which is never seen again. Of course this is silly. Money paid in interest to Americans is not diverted from the stream of income. It does not leave the United States. It may be, and usually is, spent by those who receive it. I receive a salary, you have a

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pension, someone else lives on profits, someone else on interest. We all buy whatever we want, or can afford, of the things for sale. Interest is, in this sense, no more a burden than any other way of spending money or any other way of being paid. We all have shares of the national income, and use the proceeds in whatever way we think advantageous to ourselves. Cancel a debt, and all you do is to transfer income from the creditor to the debtor. You do not directly increase the total amount of income, or the total amount which can be spent for the products of the country.

It may be objected that interest is a burden different from the burden of wages or salaries, because it is not a payment for production. It is a payment for the use of money rather than for goods or services. Traditional economists have a reply to this objection, but for the moment let us grant that it is correct. If this is so, however, why should persons who, like the Technocrats, believe that the system does not distribute enough purchasing power to buy what it can produce, and cannot give enough employment to those engaged in production, oppose interest? They ought to favor interest for the very reason that it is a way of distributing purchasing power without getting any goods in return. In an economy of scarcity there is cause to resent the distribution of money to those who do not earn it by working. But an economy of abundance would be obliged to pay more and more people who do not produce physical goods, if only to take them off the labor market. If interest is a dole, and if we are suffering from overproduction, the more interest paid, the better.

There are, of course, social objections to the way the recipients of interest are chosen. If doles are to be paid in large quantities, they ought to be paid to persons who are in most need of them rather than to persons who happen to possess capital (provided we have some better way than paying interest of bringing about the accumulations of capital which are socially necessary). Even on this ground, however, there is something to be said for interest. While a majority of capitalists are not widows and orphans, nevertheless interest now supports many aged, immature or defective persons who would have to be supported otherwise if interest were abolished. It provides reserves for insurance against unemployment, sickness and death. It even supports many kinds of useful institutions, the product of which is not fully marketable in a commercial order —scientific research, universities, hospitals and the like. I do not think interest is a just or a socially efficient way to pay for these desirable functions of society. Nevertheless, in so far as we do not provide for them otherwise, can we justly call interest used for these purposes a burden? We must remember that reduction of the debt burden—if nothing more is done—will injure many such activities.

And the social maldistribution of interest has no worse economic effect in depression than it has in prosperity. The inequality of income distribution may lead to relative overinvestment, but it certainly does not do so during depressions. In producing this inequality, profits are more important than interest.

The real burden of debt is a different sort of thing altogether. It is just as serious as those believe who misunderstand its nature—if, indeed, it is not more serious. Debts like bonds and mortgages have three characteristics which cause trouble in a world as badly mismanaged as ours. They are: first, prior obligations; second, long-term obligations; third, fixed obligations. Let us see why these characteristics make trouble.

A man, a corporation or a government, having borrowed money on a bond or mortgage, is obliged to pay the interest and principal according to contract, no matter whether there is money available for anything else or not. If the debtor does not pay, the creditor has the legal right to take away his physical property (except in the case of governments) and to prevent him from spending much for any other purpose so long as the debt is not satisfied. This is all very well while payment is easy. If, for any reason, payment becomes difficult, the debtor is transfixed on the skewer of debt until he can in some way satisfy the creditor. He can spend little except by incurring new debts and, under these circumstances, he usually cannot borrow.

This is uncomfortable for the debtor. So long as it happens only to few and scattered debtors, it has no great economic significance. When it happens to whole classes of debtors at a time, like farmers or home-owners, or to overwhelmingly important debtors, like railroads or banks or governments, it stops economic activity. New purchases are not made, wages and salaries cannot be paid, trade and employment evaporate. Everything is subordinated to the effort of the creditors to collect. Spending for any other purpose than to pay them shrinks rapidly toward zero. It shrinks, not just because the creditors are collecting (or failing to collect), but because the debtors cannot borrow any more while the process is going on. Their previous expenditures had been based largely on borrowing for both long and short terms. But paying debt *without new borrowing* is like expelling air from the lungs without taking any in. It is not the debt, but the absence of debt turnover and the process of shrinking the debt total, that kills us.

The fact that these obligations are for a long term leads to troubles. Sensible men are not likely to borrow more today than they can repay tomorrow —if they know they have to pay tomorrow. In any case, reasonably intelligent lenders are not likely to lend to those in the habit of borrowing without repaying. Such defaults as there are occur quickly and are over—unless the short-term debts are used to expand long-term indebtedness. But, in an uncertain world, both lenders and borrowers are less able to judge how much may safely be borrowed on a long term. In spite of all safeguards, natural

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optimism often leads to overextension. Particularly is this so in a world where production is unsystematic and unregulated, rapid shifts in income distribution occur, and there is no provision to equate the growth of credit—our chief means of payment—to the growth of productive capacity.

Finally, these obligations are fixed, both in capital amount and in rate of interest. They represent extremely rigid prices. Many other prices are extremely flexible. When, through lack of social management, other prices and incomes fall, the burden of fixed debts becomes relatively much heavier. This lack of balance between debt prices and other prices throws us into the situation described above, in which the legal rights of the creditors immobilize the debtors. Furthermore, interest charges represent costs which keep up some other prices, like railroad rates and prices of certain industrial products. A lack of price equilibrium destroys trade.

There are only three paths out of such a situation—all extremely difficult. One is to raise the prices which have fallen. But how can this be done when large classes of important debtors have reached the end of their power to borrow? It is next to impossible. Lack of credit means decreased demand for goods, and prices seldom rise when demand falls off. The only conceivable way, to my mind, is to use to the full the borrowing and spending power of a great debtor which has not yet approached insolvency, a debtor like the federal government. But even this may be insufficient. The second path leads through the long struggle involved in paying the debts which can be paid and canceling or adjusting downward, by consent of the creditor, the debts which cannot be paid. That is just one way of describing a depression, long and severe in proportion to the burden of debt. For the creditor will not surrender his preferred rights until every other recourse is adopted. And for a long period the process is cumulative, as the pressure on one debtor puts another in jeopardy. The third way is to reduce, by rapid and generally applicable measures, the prices of debt—*i. e.*, the rates of interest and also, possibly, the principal. If this could have been done in 1930 we might now be experiencing a revival. But, in a system like ours, the power and obstinacy of creditors prevents it until the last gasp. Some moderate measures in this direction are now, at long last, being tried, because creditors are coming to see that if the ship goes down there are no lifeboats for them. Whether these measures will be sufficient remains to be seen.

Under a system which permits private ownership of capital and private debt, the rapidity of debt turnover and the increase of debt are, and must be, a measure of the extent and increase of activity. While debts freeze and contract, we are in depression. When they begin to thaw and increase, we come out of it. (I include here, of course, short-term borrowing as well as long-term.) But such a system cannot avoid intermittent disaster. The trouble is, not that debt in itself is always a burden, but that its volume and price are not intelligently related to the volume and prices of other things in the system. We give private persons and groups a vested interest in the volume of debt and the stability of debt prices, while failing to practise equal control over other prices. This alone is a sufficient cause of what we now experience. I do not mean to imply that it is the only cause.

GEORGE SOULE.

The Marxian Dialectic

IN THE literature of Marxism there is no word more mysterious and ambiguous than the term "dialectic." It is often confused with the ancient art of sophistic, a form of logical sleight-of-hand at which philosophers are supposed to be peculiarly adept. There is, however, an older and more legitimate usage of the term, according to which dialectic expresses the logic of motion and change. The appearance of sophistry in dialectical thinking results from the intellectual contradictions which arise when the mind attempts to grasp the nature of a developing situation with meanings that are fixed and unchanging.

Marx applied the dialectic method to history and society. Here he succeeded in doing what Hegel had failed to do. Without denying the enormous complexity of the factors involved, he offers a guiding thread into the mazes of the social process. If followed, it leads not only to a fruitful exploration of the past but to a course of action which may free mankind from its major social evils. This detailed application of Marx's dialectic method is to be found in his economic theories, his materialistic conception of history and his philosophy of state and society. Here I wish to expound the dialectic method as it applies to the general questions of culture, and to show how the formal characters of the method may be derived and stated without forbidding terminology.

Like all students of Hegel, Marx realized that every culture is a structurally interrelated whole, and that any institutional activity, say religion or law, can be understood only in relation to a whole complex of other social activities. But, in two respects, he is in advance both of his early master and those who have either followed or attacked his own doctrines. He does not claim, as does Spengler,

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for example, that a culture is organic through and through and that one principle can explain *all* its existing aspects, from the latest frills in the culinary arts to the most recent development of theoretical physics. He admits the presence of relatively independent factors which, although they arise out of antecedent social processes and function in determinate ways in the existing social process, do not all possess the same weight. But more important, he seeks for the causes of cultural *change* within the social process itself and not in the realm of metaphysical abstraction. His method is realistic and materialistic. He held that any explanation of cultural change must fulfill two conditions. It must suggest some way in which the theory can find empirical verification; it must do justice to the consciousness of human beings, that they actively participate in making their own history.

Marx's own hypothesis that the development of the mode of economic production is the central but not exclusive causal factor of social and cultural change will be examined elsewhere. There are first to be considered certain problems of culture and knowledge confronting all philosophies of history. Marx's dialectic method grew out of his reflection upon them.

One of the obvious facts which a philosophy of history must explain is the *continuity* between one culture and another. The continuity of culture can mean nothing else than the development of its institutions. The development of institutions—indeed, their very functioning—implies the continuous activity of human beings. The central problem of cultural change, then, as formulated by Marx, is how is it possible for human beings, conditioned by their cultural education and environment, to succeed in changing their environment. The French materialistic philosophers had long since pointed out that human beings were rigidly determined by environment and education; but they could not explain in these terms how they themselves could be agitating for a revolutionary change to a different society.

> The materialistic doctrine [Marx wrote] that men are products of their environment and education, different men products of different environment and education, forgets that the environment itself has been changed by man and the educator himself must be educated. That is why it separates society into two parts of which one is elevated over the whole.
>
> The simultaneity of change in the environment and human activity or self-change can only be grasped and rationally understood as *revolutionary* practice.

Refusing to dissociate social experience into something which is only cause, the external world, and something which is only effect, consciousness, Marx tries to show how social change arises from the interacting processes of nature, society and human intelligence. From objective conditions, social and natural (thesis), there arise human needs and purposes which, in recognizing the objective possibilities in the given situation (antithesis), set up a course of action (synthesis) designed to actualize these possibilities. All change from one social situation to another, and from one social system to another, exhibits (1) unity between the two phases, in that certain features are preserved (*e.g.*, the technical forms of socialized production under capitalism are preserved under communism); (2) difference, in that certain features of the first are destroyed (*e.g.*, the social relations of capitalist production, private property, etc.); and (3) qualitative novelty, in that new forms of organization and activity appear which change the significance of the old elements still preserved, and which cannot be reduced merely to a mechanical combination of them. The process of creative development continues for ever. At a critical point in the complex interaction of (1) social institutions from which we start, (2) the felt needs which their immanent development produces and (3) the will to action which flows from knowledge of the relation between institutions and human needs, new laws of social organization and behavior arise.

The logic of the situation is not foreign even to natural phenomena. At certain critical points in the varying temperature of water, new qualities, ice and steam, emerge. But Marx is never weary of repeating that the distinctive character of the social dialectic as opposed to the dialectic process in nature lies in the fact that human consciousness is involved.

We can now see how undialectical it is for some pseudo-Marxians to maintain that communism involves a complete cultural break with the past. The very fact that the same language would be used, already imposing upon the mind a stock of fixed meanings, and that the cultural riches of the past would always constitute a challenge to reinterpretation, precludes the possibility of such discontinuity. Change there must be, and selective change. The impact of selective change, to be sure, will necessarily be destructive. But only to religious values and attitudes which stress prayer rather than knowledge and action, to social values which in expressing the snobberies of birth, station and economic power stultify the widest possible development of creative personality—to all values which in exalting the mastery of technique over life (machinery for machinery's sake, art for art's sake, science for science's sake, philosophy for philosophy's sake) mistake the part for the whole, sacrifice the organic connections between one field and another and impoverish the world by clinging to the tried and established, opposing adventure, experiment and growth. None the less, communist culture is not merely destructive to the inheritance of the past. It realizes that Socrates and Bruno and Rousseau, conditioned by their time, were just as great rebels in their day as Marx in his; that Aristotle, Ockham and Kant in relation to their past were, at the very least, the intellectual peers of Marx. Only undialectical Marxists like Buk-

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harin will speak of the "outspoken black-hundred tendencies of Plato." Does this mean that in accepting the heritage of the past, communism accepts the theories of these men, fosters, for example, the style of Michelangelo and encourages imitations of the church music of Bach? Not at all. It reinterprets them in a new cultural synthesis. The permanent, invariant and universal aspects of human experience, as reflected in art and literature, reappear in a new context so that the significant insights of the past become enriched through the reinterpretation of the present. The dialectic of culture and history leads to the paradox that the past is not something dead, a pattern congealed into an eternal rigidity which may have beauty but no life. The past grows whenever a new perspective in the present enables us to look back and see what has grown out of it. And when we know what has grown out of it, we can without exaggeration say that we know it better than it did itself.

In discussing social change, Marx, however, presses the point of the dialectic a little deeper. Social institutions in the course of their own careers produce the means by which they are changed and generate the needs which ultimately inspire men to revolutionary action. Some important consequences follow. The conditions of extant social production must be accepted before they can be transformed. The evils generated by the private ownership of the means of production in an era of large-scale machine manufacture cannot be eliminated by rejecting the machine process and returning to hand industry, or to the soil, or—to the bosom of the church. History may be reconstructed, but it cannot be reversed. To attempt any such movement would result in more distress than originally called it forth. It could easily be shown, for example, that population, which is a function of the system of production, has grown to such an extent that its barest necessities could hardly be fulfilled today by a system of primitive hand manufacture and agriculture. It is not the machine which oppresses men, but the social relations within which machine production is carried on. Periodic crises, unemployment and mass misery flow not from the former but from the latter. Consequently it is the social relations of production which must be changed. "But in every society," says Marx, "the relations of production constitute a whole." If they are a whole, we cannot accept one aspect which we call good and reject another which we call bad. For the good and the bad are organically related to one another. One cannot preserve an open field for all business talent and economic initiative—the allegedly good side of capitalism—and eliminate overproduction—the bad side of capitalism; one cannot repudiate competition for the sake of a planned economy and at the same time accept the existing state. Here one can achieve a synthesis only by revolutionary action. It is the weakness of the reformer's ideology at this point to seek to mediate irreconcilables, just as at other points it is the incurable defect of his utopian half-brother to break cultural and economic continuities. For one, all change is a slow evolutionary process upon whose lazy movement mankind floats forever forward; for the other, nothing develops but that it jumps. For Marx, however, revolution is one of the modes by which social evolution takes place. When, where and how cannot be settled in advance. It is always a question of concrete specific analysis.

We are now in a position to appreciate the profundity of Marx's social psychology. Human needs and wants are the starting point of man's social activity. But those needs are more than a schedule of biological impulses. They are social and therefore historical. We explain their character and variations in terms of the productive processes in which man as a member of a definite social system finds himself engaged. Production both in time and logic precedes consumption. Only late in his career does man begin with a ready-made idea of what he wants. His consciousness is a slow reflection upon what he finds himself doing and only subsequently is there a reorganization of his activity. Anthropologists have shown that art production precedes art appreciation. That production usually precedes appreciation is true in other fields, too. In social life, Marx showed that production affects consumption and appreciation in three different ways. It furnishes the object of consumption; it determines the manner of consumption; and gives rise to new wants of consumption which in turn further other productive activities.

That production is necessary for continued consumption, in behalf of which it is undertaken, is too obvious to call for elaboration. But that production determines the manner in which human beings consume, the form and character of their wants and often the highest reaches of their consciousness, runs counter to those social philosophies which draw a sharp distinction between man's nurture—which is social and variable—and his original nature—which is biological and constant. Marx was the first realistic sociologist to challenge this sharp disjunction without making man a purely passive agent in the social process. Whatever the drives and impulses which constitute his animal nature, man's human nature is only revealed in a socially determined context in which the biological pattern functions as only one constituent element of the whole. And since the social context is historically conditioned, human nature, too, is a historical fact. "Hunger is hunger," writes Marx, "but the hunger that is satisfied with cooked meat eaten with knife and fork is a different kind of hunger from the one that devours raw meat with the aid of hands, nails and teeth." Similarly, selfishness is selfishness, and power is power; but a selfishness and power that assert themselves in a

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system of commodity production in which the legal right to prevent others from using land and machines is also a material right to condemn them to poverty and death, are different kinds of selfishness and power from those which express themselves within a socialized economy, guaranteeing to all who are capable and willing to work the right to life and subsistence.

Human nature is a complex of needs and desires. Man's productive activities, by giving rise to new needs and desires—whether it be the need for rapid locomotion unknown to our ancestors or the desire for romantic love whose vogue is comparatively recent—result in a significant development of human nature. Processes of social transformation are thus at the same time processes of psychological transformation. The dialectic principle explains how human beings, although conditioned by society, are enabled through activity to change both society and themselves. Intelligent social action becomes creative action. "By acting on the external world and changing it," says Marx, "man changes his own nature." The normal individual—the natural individual, who plays such a part in the writings of sociologists—is always a projection of the limited ideal of a historically conditioned society and of the dominant class in that society. Aristotle defined man as naturally a "political" animal (literally a city-dwelling animal); Franklin, as a "tool-making" animal. For Marx, man is all that and more. Once he acquires control of the conditions of social life, he can consciously make over his own nature in accordance with a morally free will, in contradistinction to man in the past, whose nature has been unconsciously made over by the socially determined will of economic classes.

A larger problem suggested by the social expression of dialectic is the question of what form the principle will take under communism. On this question a great deal of confusion prevails both in the camp of Marx's critics and in that of his friends.

The three leading principles of the Marxian doctrine are obviously historically conditioned in the sense that they hold only for class societies. Historical materialism, which explains the general character of social life in terms of the economic relations in which human beings find themselves and by which they are controlled; the theory of surplus value, which teaches that the greater part of what the worker produces is filched from him by those who own the instruments of production; the theory of the class struggle, which maintains that all history since the downfall of primitive society has been a struggle for state and social mastery between different economic classes—these principles, of necessity, must be suspended in a collectivist society in which man makes his own social history, in which the total product of labor power—although not returned to the individual worker—is disbursed and reinvested for the good of the commonalty, and in which economic classes have disappeared and only shifting vocational distinctions remain. Well, then, what becomes of the possibility of social development under communism, what contradictions of social life provide it with driving force? Or is this the last word in human development, the idyll of the Kingdom-Come in which all evil, struggle and frustration disappear? (This is what professional Marx critics like Sorokin charge Marx with believing.) What happens to dialectics? Hegel denied that it had any sway when it came to the Prussian state. When Marx condemned him, did he only mean to say that Hegel should have waited for the communist society before he proclaimed the end of history?

As distinct from all other doctrines of Marx, the principle of dialectic still continues to operate in a communist society. It is not historically conditioned in the same sense as his other theories. It finds expression, however, on a more elevated plane. Although in advance no one can describe the detailed forms it will take, it is clear that its general locus is individual and personal. The world still exists in incomplete process, and conflict ever remains at the heart of flux, but now, however, man wrestles not with the problem of social existence, but the deeper problems of personal development.

Marx was not a utilitarian. Nowhere does he promise "happiness" in the future or fight for it in the present. He condemns capitalism not because it makes people unhappy but because it makes them *inhuman,* deprives them of their essential dignity, degrades all their ideals by setting a cash value on them, and inflicts *meaningless* suffering. He would have approved of Nietzsche's savage thrust at Bentham: "Man does not desire happiness; only the Englishman does," and Marx himself contemptuously remarks in "Capital," with an eye on the utilitarian bookkeeping of pains and pleasures, that "with the driest naïveté, Bentham takes the modern shopkeeper, especially the English shopkeeper, as the normal man."

This does not mean that Marx was opposed to human beings seeking happiness or that he denied the possibility of its existence. He felt quite rightly, however, that, of itself, utilitarianism could never serve as the basis of a fighting, revolutionary ethics. The reason is simple. Happiness arises through the gratification of needs, desires and ambition. It can, therefore, be attained either by increasing achievement in the way of effort or material goods, or by cutting down desire and ambition. Happiness comes either by getting what we want or learning to like what we've got. There is nothing to show that honest Christians and all other people for whom religion is an anodyne are less happy than those who do not, "like the Camel and the Christian, take their burdens kneeling" (Bierce). But there is a great deal to show that those who are prepared to struggle for their ideals even unto death, who pit their intelligence and strength against all remediable evils, who scorn the

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cheap Philistine worldliness which will risk nothing that endangers its fleshpots as well as the religious other-worldliness which forsakes the most precious of all human virtues—intelligence and courage—that such people are noble even in their very defeat. Marx's own life with its ostracism, grinding poverty, refusal to compromise truth and revolutionary honor, is an illustration of what his ethical values were. He was surer that there were some things that a human being ought to do than he was that those things would bring pleasure and not pain.

In Marx as in Hegel the dialectic is, so to speak, the philosophical rhythm of conscious life. It expresses the tension, expansion and growth of all development. It does not sanction the naïve belief that a perfect society, a perfect man, will ever be realized; but neither does it justify the opposite error that since perfection is unattainable, it is therefore immaterial what kind of men or societies exist.

> Granted the principle of the imperfection of man, [Marx asks] what then? We know in advance that all human institutions are incomplete. That does not take us far: that does not speak for or against them. That is not their specific character, their mark of differentiation.

For Marx, as for Hegel, cultural progress consists in transforming problems to higher and more inclusive levels. But there are always problems. "History," he says, "has no other way of answering old questions than by putting new ones." Under communism man ceases to suffer as an animal and suffers as human. He, therewith, moves from the plane of the pitiful to the plane of the tragic.

SIDNEY HOOK.

Inaugural Parade

EVERYTHING is gray today. From a distance, the dome of the Capitol looks like gray polished granite and in the bleak March sky has a sort of steel-engraving distinction. Close to, the big building seems a replica in white rubber; clouds in colorless light threaten rain or snow. An aluminum blimp hangs below them.

The people seem dreary and they are curiously apathetic. The Washington banks have closed, the banks throughout the country are closing, and, in spite of the attempts of some papers to keep out of sight the news that New York and Illinois have finally gone, there remains under all the activity and pomp the numbness of a zero hour. The people's prosperity has vanished; even the banks don't know where the money is; even the banks say they haven't got it; so they are simply shutting up, no checks cashed; blankness and dismay. And what seems a circumstance of bad omen, Thomas Walsh, the most popular member of the Cabinet, has suddenly died on the eve of taking office.

They wait in the park in front of the Capitol. "What are those things that look like little cages?" "Machine guns," says a woman with a giggle. They wait till they see Roosevelt's dim figure on the platform on the Capitol steps, hear dimly the accents of his voice—then the crowd rapidly thins.

And even when you read them, the phrases of the speech seem shadowy—the echoes of Woodrow Wilson's eloquence without Wilson's glow of life behind them. The old unctuousness, the old pulpit vagueness: "in every dark hour of our national life," "and yet our distress comes from no failure of substance—we are stricken by no plague of locusts," "where there is no vision the people perish," "the money changers have fled from their high seats in the temple of our civilization," "our true destiny is not to be ministered unto but to minister to ourselves and to our fellow men." The old Wilsonian professions of plain-speaking followed by the old abstractions: "I am certain that on this day my fellow Americans expect that . . . I will address them with a candor and a decision which the present situation of our people impels. This is preëminently the time to speak the truth, the whole truth, frankly and boldly," etc. So what? So in finance we must "restore to the ancient truths" the temple from which the money-changers have fled; so in the field of foreign affairs, he "would dedicate this nation to the policy of the good neighbor."

The thing that emerges most clearly is the warning of a dictatorship.

The first part of the parade is dignified.

Preceded by well drilled motorcycles and a squadron of khaki cavalry leaning forward as they briskly canter with their sabers against their shoulders, the silk hats and the admiral's gold-braided bicorne roll along in their open cars on their way from the Capitol to the White House. Roosevelt smiles his smug public smile, taking off his high hat and calling back to greetings from the crowd. "He looks like Wilson, doesn't he?" says a woman. "The glasses and pointed nose look like Wilson." Another woman showing her neighbor a newspaper picture of the President graciously receiving Hoover in his car, says: "He looks so aristocratic, I think!" Mrs. Roosevelt sits beside him, small, dark and unpretentious, smiling, her little round black hat tilted fashionably over one ear.

A space of waiting; the weather is getting colder. The parade proper begins. The branches of the service pass first. Chief of Staff, General Douglas MacArthur, who drove the veterans out of Wash-

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ington last summer; the flare of flags of the First Division; tall, rigid West Pointers in gray; Marines in clean white caps and gaiters with a red and yellow rattlesnake flag; bluejackets; Negroes in khaki, always with a white officer at their head; khaki trucks, khaki anti-aircraft guns; a new kind of short black machine gun as perfect and shiny as the little screw-out pencils that people used to wear on watch-chains; stretchers; a drum-major in a white shako; the blue Richmond Blues, the gray Richmond Grays and the red and gray Richmond Howitzers, all with white plumes and pre-Civil-War uniforms. It is fun to hear "The West Point Cadets' March," and "The Stars and Stripes Forever"—they bring back the America of boyhood: the imperial Roosevelt, the Spanish War. And the airplanes against the dark sky, flying in groups of nine and moving as they reach the reviewing stand into exact little patterns of jackstones, awaken a moment's pride in American technical precision.

But from this point on—and there are something like three hours of it yet—the procession crazily degenerates. From recalling one of those college reunions where the classes dress up in costumes, it takes on qualities of grotesque idiocy which make the Carnival at Nice look decorous. Decorous, because it is proper for a carnival to be silly and gaudy, whereas the inaugural parade is supposed to be impressive.

It is the co-eds who first give it a musical-comedy air. The military delegation from Atlanta Tech High is headed by a pretty girl in a red coat and white pants with a white overseas cap and white Sam Brown. Another in high heels leads a company of girls in gray and blue. The John Marshall Cadet Corps from Richmond are handsome in long gray coats and red cloaks.

Now the Governors are coming, sandwiched in between bands. Delaware Post Number One have shiny steel trench helmets, sky-blue coats, white breeches and black puttees. Gifford Pinchot, in an open car, bows and takes off his hat in response to the cheers that follow him, with gestures willowy and courtly like the White Knight turned politician. But the next sound is a breeze of laughter. One of the bands has a funny drum-major, whose specialty is hip-waggling and mincing: he puts one hand to his waist, holds it out marking the time with wrist limp and little finger extended, turns sideways and with a rumba-dancer's rhythm performs phallic billiard-shots with his baton. And the effect of the fairy drum-major is to impart to the features that come after him a circus-parade effect of clowning. He is followed immediately by Governor Ritchie, who looks like a silk-hatted Mr. Woodchuck out of one of Thornton Burgess's Bedtime Stories; he shakes a day-day with one gloved paw, and you expect to see the automobile go off with a blaze and a bang and the silk hats tumbling on the ground.

There follows a strange little closed car with the blue Lone Star of Texas on the radiator. It has the streamlines of a small goblin army tank and the audience murmur as it passes that it cost ten thousand, thirty thousand dollars. The Green Trojans of Greensburg, Pennsylvania, are frog green with bersaglieri's feathered bonnets. The National Indian War Veterans are old men in a big green bus.

And as the weather grows darker and more ominous, the parade becomes more fantastic. The American Legion Posts, which dominate the later sections, startle, trouble and shock. Are these the implacable guardians of Americanism? There are legionnaires with bright blue coats and canary-yellow trench helmets; legionnaires as orange hussars; legionnaire drum and bugle corps who perform fancy evolutions as they march. A great many women mixed up among them. One detachment of patriotic ladies wear red cloaks and blue and white plumes. The circus illusion is further heightened by a cute-kid cowboy on a donkey and by a man who marches all alone as Lincoln and whom you expect to see stop and do a clowning act—perhaps puff smoke out of his stovepipe hat.

Now the spectacle become frankly delirious. Comic lodges and marching clubs go by. Men appear in curled-up shoes and fezzes, dressed in hideous greens, purples and reds. Indians, very fat, with made-up squaws: real or burlesque? A very large loose old Negro in a purple fez and yellow-edged cloak, carrying the prong of an antler as if it were the Golden Bough. The airplanes overhead have been replaced by an insect-like autogyro, which trails a big advertising banner: "Re-Tire with Lee's Tires." The Negro lady hussars wear bright purple stockings. The Spirit of '76 are probably cockeyed: one of the trio is always getting behind and then running to catch up to the others. Real Cherokees in white-fringed suits and with pink-tipped feathers; one is on a horse, bareback, and sends a rustle through the crowd, who remark that he is practically naked.

A passage of real dignity and gravity ensues. The cornets of the New York Police Band, who "fear no music written" and march in dense blue formation, make an attention-compelling impact for the solid ranks of the silk-hats of Tammany that go on and on like an army. No fantasy and no frivolity: each marches in a dark coat with a white carnation in his buttonhole. Al Smith, red-faced, is in the front line with John F. Curry, and gives rise to a high wave of cheering. They are followed by a comic Dutchman wheeling a red, white and blue keg and Miss Columbia leading the Queens County donkey.

But now a mutter of expectation agitates the crowd. Whatever the papers may say later, it is Tom Mix and not Al Smith, who, at the start of the parade at any rate, receives the biggest ovation. Not even the President is so popular. They see his white suit and white sombrero blocks away and they go wild with delight as he comes by, making his beautiful little jet-black pony with its silver harness dance. He is a part of the publicity for a

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new film called "42nd Street" to which the inauguration is incidental. With an assortment of Hollywood actors and beauties he has just come on from the Coast in an electric-bulb-studded train called "The Better Times Gold and Silver Leaf Special."

The beauties are featured on a "Better Times Float" which many people have waited till the end for. It has a red and yellow canopy like a street merry-go-round and as it is dragged along, it revolves, exhibiting the girls, who sit on wicker couches against a background of giant tulips, and wave as they come past the crowd.

But Hollywood is nothing to the marching clubs. An eerie music is now heard and ambiguous figures loom, out of Little Nemo's Adventures in Slumberland. Some seem half-Indian, half-angel, with feather headdresses that sweep to the ground; others (who get big applause) have hoods with spiky dorsal fins like Martians in the barbershop weeklies; and all are clad in flowing pale female robes tinted with celestial pinks and blues and with a kind of unpleasant iridescence such as sweat sometimes makes on white shirts. As they move they play mosquito-buzzing dance music on banjos, xylophones, violins and guitars. Interspersed are the Loew's Theatres Cadet Band, a drum-major who can juggle two batons, a drunk with Leon Errol rubber legs, who ricochets back and forth and shakes hands with the people on the sidelines.

A small soberly-uniformed band from the Virgin Islands and a small float of chilly-looking trained nurses incongruously end the procession.

If the parade went on any longer, it would be too dark to see, too cold to stay out. And you are glad when it is over anyway. The America it represented has burst, and as you watched the marchers, you realized that it had been getting sillier and sillier all the time. The America of the boom definitely died today, and this is the ghost it just gave up.

EDMUND WILSON.

Before Storm

Great birds are climbing the air
On tilted wings, slow-circling,
Far-spiraling, up the stair
Of space, above the crackling
Pent in the caverns of cloud.
Now the low breathing of thunder
Is swelling, is coming aloud
With the lightning licking under.

Beat on our tortured flesh,
O storm, till we be riven
And our wrath ebb from us! Lash
Our lives with the whips of heaven!
Break on our houses and heads,
Crush out our madness and mumbling!
Swallow our fear in your floods,
Flatten our cries with your crumbling!

CARLETON DREWRY.

Washington Notes

Toward Dictatorship—Reorganizing the Banks—Driving out the Money-Changers—Mr. Woodin Gains Favor

THE SPEED with which the government of the United States has moved from democracy toward dictatorship has more or less stunned the statesmen on the hill, but it apparently has pleased nearly everyone else. As things stand today, Mr. Roosevelt has, in some respects, more power than any other President under our Constitution ever had, except perhaps Mr. Wilson in wartime, and while some thoughtful men here are disturbed over what they call a surrender of its constitutional rights by Congress, the shadow of the national emergency stills their protest and controls their vote. And when the facts are considered it seems clear that nothing else could be done,

The two messages of the President, one on banking and the other on economy, evoked an extraordinary popular response. So far as the first is concerned, I think, the people, though eager to get over the immediate crisis, are even more eager for a complete reorganization of the whole rotten banking system with which we have been afflicted. The note struck in the new President's inaugural address, in a general way, seemed a promise that this would be done. The completeness of the collapse, the National City Bank revelations that preceded it and the dictatorial powers now lodged in the federal government offer the opportunity for this reform and a chance to establish the banking business on sound foundations.

Whether Mr. Roosevelt has it in him to take full advantage of this opportunity remains to be seen. In the enunciation of broad general principles he is at his best. His words are encouraging. Both his messages and his inaugural have been commended generally for their "outspoken boldness" and "refreshing courage." But this job of banking reorganization requires much more than oratorical adequacy. It means a sound and concrete plan, backed by the whole driving force of the presidency. Mr. Roosevelt has a sufficient number of capable men to form the plan but however meek and cowed the New York banking group seem at the moment, there is still a lot of fight in them and they are not without formidable Senate support.

Under the economy measure, Mr. Roosevelt is given power practically to remake or remold the whole administrative section of the government. The extent of his authority is hard to exaggerate. In normal times, of course, it would be unthinkable. Under existing conditions, however, there is no doubt of the popular desire that he be invested with this authority, just as there is not the slightest doubt that Mr. Roosevelt planned as far back as last January to ask for it. It is what he has wanted from the start, what he told his intimates in New York and again at Warm Springs, he intended to ask for.

It is inconceivable that having now obtained what he desired and intended to request of Congress long before the banking collapse occurred, he will not use it for the purpose planned. It is obvious that his main purpose is to reduce the veteran compensation load by $400,000,000, for on a

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cut of that size hinges the whole administration financial program. Even with that amount sliced out, it is going to be no easy job to come within an approximate budget balance before the ratification of the new amendment to the Constitution.

To fall short of that figure means that the thing cannot be done. The new Director of the Budget, Mr. Douglas, an exceedingly competent man, will do the work and the recommendation will go in. But anyone who thinks this does not mean a real fight does not know the power of the lobby that operates here for the veterans, nor does he appreciate the fear inspired in the congressional bosom by the organized minorities in state and district. Let the crisis pass and the public indignation evaporate, as it always does, and a different picture will be presented. Soon or late Mr. Roosevelt has got to fight with all there is in him and when that time comes it will be possible to pass a real judgment on him. It is not possible now.

A week's time has not lessened the enthusiasm with which Washington greeted Mr. Roosevelt's remarks about the money-changers. His words were heartening to those who have seethed with indignation over the recent revelations concerning banks and bankers. And while I am on the subject of these bankers, let me say that though the nation sustained a loss in the tragic death of Thomas J. Walsh and Mr. Roosevelt lost the best of his Cabinet selections, it was a stroke of luck for a certain group of bankers. Those who knew Tom Walsh knew that he was deeply convinced that certain of our very highest New York financiers should be in jail, that he was also convinced that criminal proceedings could be brought against some of them, and that it was his determination to do everything in his power to prosecute certain individuals for what he believed were criminal acts. Of course, it is hardly feasible for his temporary successor to start such proceedings. None the less, there is a feeling that Roosevelt's final selection for Attorney General will attempt what Tom Walsh unquestionably would have done.

That the public would rejoice in an administration that sent a thrill of terror into certain banking circles by an investigation along this line is, I think, beyond dispute. The belief is general that the banking revelations of the Senate Committee, before which some of the more eminent of these financiers appeared, had at least something to do with the general banking collapse in the country. A veritable wave of distrust was created and it has by no means subsided. The determined prosecution of one of these bankers might easily have a salutary effect. Shocked at the disclosures, most people want to see someone punished. It might be one way to restore confidence.

Of course, the member of the Roosevelt Cabinet who has been most active and industrious since March 4 is Mr. William Woodin, the new Secretary of the Treasury. After his name was first announced, there was a general disposition here in Washington to ridicule Mr. Woodin. Particularly was this true among the "corps of correspondents," the members of which are always on the alert to discover a butt in a new President's Cabinet—and generally do.

There were various things about Mr. Woodin which tended to make him a target—his addiction to nursery rhymes, his musical compositions, his numismatic hobby and his generally insignificant appearance. For several days there was quite an outburst of more or less sportive items about Mr. Woodin in the press and the wits of Washington had a grand time telling stories about him. Since he took hold, however, this sort of thing has to a large extent evaporated. It has been found, for instance, that Mr. Woodin has, in addition to a sense of humor about himself and an exceedingly friendly disposition, a power of decision and an ability to be hard-boiled.

Just how much of a conservative he is, remains to be seen. Certainly, he hasn't yet shown any signs of refusing to go along with his chief in the drastic measures proposed for curbing the bankers and restoring banking to its function as a service for the people of the country. If any great financial authorities had an idea that with Woodin in there, they would be taken care of, they must be weeping salty tears of disappointment about now—and with more to come.

Washington. T. R. B.

The Bankers and the Crisis

Cleaning Up the Banks—How to Create Income—Security Affiliates—Hostile Directors and Buzzard Directors

WALL STREET—stunned, muddled—thinks that with the opening of the banks the worst will be over. People generally join in this view. But the worst will be over only if we prove courageous enough to take the next bold step.

After two years of war on hoarders, the dramatic climax of March 4 had the effect of converting all the currency and bank money of the nation into one vast frozen hoard. The first need, of course, is to thaw out this imprisoned money. To this end the government has taken an amazing step—to seize gold, to allow only sound banks to open and to flood sound reserve-member banks with currency.

Any member bank is thus empowered to take securities to the reserve banks and get 100 percent currency. It may take its free bills of exchange, notes, etc., and get up to 90 percent currency. After that, if need be, it may take, as Senator Glass says, its "cats and dogs" there and get more currency.

The effect of this will be unprecedented in banking—it will turn the deposits of the opened banks into liquid currency, if necessary. How many billions this will take no man can say—certainly three or four billions to start with. This, of course, is inflation of currency without expansion of credit or of the total means of payment—inflation which is not likely to achieve the most desired object of inflation, increase of business activity or prices. For a year we resolutely fought inflation. Yet we have expanded the currency already to the extent of nearly two billions. Now we are about to pump into it another four billions—six billions in all—not necessarily to effect any productive activity, but perhaps to flow into the hiding places of hoarders. What is more, this immense inflation will now stand as an obstacle to expansion of credit for productive purposes if the emergency should demand it. It is a bold

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step, but its very boldness demands that we take the next even bolder step.

In the dramatic episode of the nationwide bank collapse of inauguration day, the most serious aspect of the crisis has been obscured. The banks may reopen, but the effect of the blow will continue to be felt in every store, every factory, every place of employment. Gradually people will begin to be aware of the almost complete paralysis which is creeping over business. Whatever the number of unemployed was in February, more millions will be added to it in March. Whatever the actual earnings were in the last weeks of Hoover, they will be woefully shrunken in the first weeks of Roosevelt. It will not do to call this alarmist talk. We have had enough of lying. The surgeon who says, "This is a ruptured appendix, I must operate at once," is not an alarmist. He is an intelligent and constructive realist.

The banking disaster and the bold measures to overcome it may be turned into an unparalleled national disaster unless they are followed at once by action; by brave and audacious action; *by an economic program designed to produce income.* Up to now we have been occupied solely with paying debts, protecting creditors, salvaging bankrupt banks, bankrupt railroads, bankrupt corporations of every sort. What is needed now is a plan—an immense, nationwide plan—to produce income by producing work; to produce work by launching great public and private construction enterprises that will yield wages to those on the jobs and in the material factories. This plan must be launched not six months from now; not three months from now, but NOW. It must be for no halting, timid, experimental and paltry half-billion, as mentioned in Congress, but for billions. Such a plan may, of course, require departing far from the gold standard.

The need of the nation is imperious. Plans for national projects are already formulated. They need merely be equipped with the needed funds, raised by bond issues and freed by the cutting of red tape. As for private projects, I urge that the President summon to the capital at once those groups in every large city which have been dealing with programs for slum clearance, that machinery be set up to make the necessary loans upon these plans, the best of all self-liquidating projects, that the President put the influence of his great office, now at its height, behind these projects, and get men back to work on capital construction which alone can revive industry.

Meantime, measures to guarantee bank deposits and to segregate new bank accounts and others are promised and will doubtless be in Congress before this is printed. I for one hope that the whole power of the liberal elements in Congress will be marshaled against the government guarantee of bank deposits while those deposits are in the hands of private banking enterprise. When the government must assume the socialization of bank losses, then the government must go the whole road and take the banks.

The waters of the great depression have finally washed up around the very base of the great House of Morgan. Perhaps those who supposed that Wall Street could make a scapegoat of Charles E. Mitchell, load him with all the guilt and odium of its vicious banking practices and send him into the wilderness, are mistaken after all. The ringing call of Winthrop W. Aldrich, head of the Chase National, to banks to clean house is perhaps the most important utterance that has come out of this depression.

There was something pharisaical about all the mock throwing up of hands and the little gasps of horror uttered by various important persons and journals at the "revelations" about the National City Bank. Aside from some scandalous details which came out, there is nothing the business public did not already know about this and similar banks. Everybody has known that the bank affiliate was a lawless device invented to defeat the law to protect banks; that the National City has been carrying on vast security operations for years, as a result of which the public has lost hundreds of millions, and that many of the bank's leaders were among the most notorious speculative gamblers in Wall Street.

Aldrich's demand calls not merely for the demobilization of bank-security affiliates, but for a complete divorce of commercial banking and investment banking. This means that big private investment bankers like Morgan shall go out of the deposit business. But, what is more important, it means that these big investment bankers shall be thrown off the directorates of commercial banks.

The country has heard no end of denunciation of dummy directors. There are two other types far more objectionable. They are what might be called hostile directors and buzzard directors.

An investment banker is a seller of securities. A banker is a buyer of and lender on securities. Men put their money in banks for safekeeping. Safekeeping against whom? Against those who have an interest in getting hold of it. We fill the bank with uniformed men, steel bars and impenetrable vaults to protect the funds from the external bandit. But meantime inside the bank are men who have a device for getting the depositors' money against which all this armament is powerless. We want our funds protected against those who wish to exchange them for doubtful securities. The last man to be in authority in a bank, therefore, is the stock merchant with securities for sale. You will find these investment bankers in almost every large banking directorate. The Morgan, the Dillon-Reed, Kuhn-Loeb, Lee Higginson, Halsey Stuart, Otis and Company, Brown Brothers partners, are inside the banks of New York, Chicago, Boston, Cleveland and every other big city. They should be chased outside those banks, and made to take their place in line with all the other security salesmen.

There is still another type of director—the buzzard type. In 1928 the National City, through Charles E. Mitchell and John D. Ryan, a director of the bank, went into a stock-market pool in Anaconda stock, and other stocks belonging to Anaconda. Ryan was chairman of the Anaconda board, Mitchell a director. They closed up that pool, and at its culmination, another was formed to boost the stock of Anaconda. Into this new pool some thousands of the shares of the old pool found their way quite mysteriously. And this new pool was made up of more National City directors—Percy Rockefeller, Fred Fisher, James A. Stillman and a vice-president, Lee Olwell. Here were two Wall Street gambling pool operations in which six bank officials and the bank's affiliate were involved. What are these men doing on bank directorates?

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I urge the men and women who have been crying out against these things for years to unite at once with honest business men and bankers to storm Congress and the legislature of New York to end these infamies while the opportunity is ripe. JOHN T. FLYNN.

Blessed Be

Conquest, by Arthur Hopkins. Plymouth Theatre, February 20, 1933.

Run, Little Chillun, by Hall Johnson. Lyric Theatre, March 1, 1933.

THE GREAT point to the lines about the Lord's giving and the Lord's taking away is, I suppose, the ending for them: blessed be the name of the Lord. We have of late had two theatre ventures of which we may say with equal emphasis that they gave something beautiful and necessary and that they took away of themselves, inherently, as it were, the likelihood of success. But in both these productions there were parts far out of the usual run, and for both it may be said that the mere event of them should be blessed.

"Conquest," of which Mr. Arthur Hopkins is author and producer, takes the Hamlet story, the father ousted by the wife's lover, the son's suffering over his father's wrongs and his mother's lust for the new husband. The scene is in the Nolte home, in a Connecticut town; the kingdom involved is a family factory, safe, in a good tradition, known everywhere for its reliability and its standards. Under the recent conditions business is lagging. Nolte long ago has given his wife a large amount of the stock. When she turns this over to the new-spirited lover and he adds it to what he has been able to buy, the controlling interest passes to other hands than the Noltes'. The son is about to be sent abroad; he foresees what is to happen, the tragedy was in his father's face as the boat moved off from the dock. The son and the girl he was to marry after his return from Europe were to spend the last night together; he could not keep to the plan, something, which turns out to be a mother fixation, prevents him at the last moment. The first act closes with the father's perception of his wife's betrayal. He has a fatal stroke. Two years later the son returns. There is a New Year's ball, masks and costumes. For his mother and step-father a sort of Gertrude and Claudius is the only wear. The young man feels that other presence in the room, his father. There is a scene in which he begs his mother to come back, to save herself. He senses the lechery and despair in the house; his step-father tells him of the factory state of things. His father's secretary and his own friend comes to the party; the son conceives his plan for avenging his father, he will run the factory stock further down, trap his step-father, start the Nolte life again on the old high lines. In the last act this has been accomplished. The step-father is packed off to Europe, to escape the law, the Horatio-friend returns as Nolte's secretary, the girl and young Nolte are brought to an understanding, a little love scene, after which we see them hand in hand before the father's portrait as the last curtain falls.

Of the unfortunate or disastrous elements in the occasion it might be better to speak first. Ungrateful though it may seem to do so, these shortcomings must be included, in order to avoid the impression that whatever is rich-intentioned and profound in the theatre has not only a small chance but no chance at all. In the first place, the writing itself, the idiom, the speech rhythm, came sadly off in many scenes. I could see the dramatist's purpose. It was to pick up our theatre language from the mere thin journalism of the usual stage writing nowadays, which is hopeless for the conveyance of any meanings much beyond or even much wider and more exact than this language itself. We must remember that such speech arises from the flatness of casual babble and that its almost exclusive occurrence in stage writing is a result of a somewhat obviously worn-out or shallow realism. Our so-called realistic or natural stage speech, however it may pretend at times to be true to life, has little more relation to living speech than the old-style, typical stage Jew or the stage Irishman had to the Jews or the Irish. You could in fact say that there are not ten American serious plays in which the speech does not peter out into flatness. The dramatist's very seriousness flattens him, like a little plain schoolmistress afraid to flutter into even her own rhythm; she follows her own little middle-class notion about culture. Mr. Hopkins' purpose, then, was admirable; it was his ear and talent that came short. Some of the speeches sounded like bad ambitious novels; the very nature of the rhythm was stuffy, so much so that it reached the point where you rarely heard even an elision, it was all *cannot, do not, is not,* et cetera, a sure way in itself, this small item, toward deadened rhythm. This criticism applies most to the passages in the play that deal with prose life, so to speak, or at least the surface of it—for I should readily agree with Mr. Hopkins that there can be no such thing as prose in life or in art. In the scenes like that of the son and his mother, where the original model is so magnificent and where Mr. Hopkins' material, aim and insight were ambitious and indeed exalted, the writing was much better. It was, in fact, at times beautiful and moving, and made you think something long lost had come back into the theatre.

Another limitation to a complete great impression lay in the fact that the acting, though often fair enough, was not intensified to the needed pitch, singly or as ensemble, a fault due in part to the directing given the play and somewhat, also, to Mr. Sovey's unimaginative setting for that room filled with ghosts, presences, years and days, an old pride, fragrance and affection.

The positive side begins with the experience one had of lifted tone and purpose, and of an admission of significances, illuminations, rich fabric, and planes of emotion no longer recognized in our Broadway theatre. This alone is enough to make "Conquest" one of the plays of the season, and to leave the right spectator filled, after seeing it, with the experience of music, poetry, dilation and a returning *amour propre.* You had none of the feeling you so often get after going to the theatre that, except for the actors' human presence in the flesh and the varying depths they might, at times, succeed in creating, you have spent an evening beneath contempt. I thought, too, that the employment of the model, basing the play on Shakespeare, as he in his turn had based his play on an older one, was an excellent idea. The insistence on originality, on uniqueness, the hankering

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after novelty, is characteristic only of the thin-minded or the uncultured bourgeois taste. In an artist originality of any significance comes not from any aim so much as from an inner compulsion. It was a pity that Mr. Hopkins' tradition in those last moments, the love scene, had not been otherwise, not been so like soft fiction, the "only believe, dear," sort of thing, and too long at that. Nevertheless, "Conquest," breathed a noble air. It was in the right direction if our American drama is to saved from mechanized emptiness, uncertain smartness, and disillusion, not to speak of a still greater loss of its public.

Of Mr. Hall Johnson's play the same things in general hold true. Through the power of the music and singing and through the employment of the Negro as temperament and medium still somewhat exotic in our theatre, the entertainment as a whole, however, moves off to a different region.

The great trouble with "Run, Little Chillun!" is that it is an impossible mixture. Not an impossible mixture of real elements. As so many Gothic artists down to the Renaissance-Gothic Shakespeare have shown, all elements, granted the fusing genius at work on them, can be combined into a whole. This is even a biological fact—look at man with his godlike apprehension, his brutalities, his comprehension and capacity within himself of all form and qualities of art. It is the unrealities in Mr. Johnson's work that he was not able to combine into one organism. What we have is this:

A first act, in which we learn that near the community in which flourishes a good Baptist colored membership there has appeared a group, the New Day Pilgrims, whose head saint, silent but oracular by some intense (and thematically Oriental) communication to his younger leader, presides at meetings in the woods, meetings that end in the dance, the chant and considerable orgiastic, semi-Reinhardt, primitivistic, releasing diversion. In this act we learn, also, that the Baptist attendance is threatened by these wood ceremonies of this traveling cult. And more trouble: the parson's son has a good wife but has been drawn aside by a girl, and she in turn will drag him to the cult meetings. This act is all realism, written in language rather uncertain in rhythm and sting, and played weakly. The second act shows the wood scene, the high priest and the chief apostle, who makes a speech about nature being one, and man one and so on, seriously meant by the author but a simple toss-up of Vedantic items and our American Transcendentalism, no harm done. We have also songs, in beautiful Russian voices and Negro voices, well trained, and then a religious ballet, now formal, now jungular, now Harlem, orgastic and orgiastic, religious, scenic, drilled, sweated, now stirring, now merely effective, sometimes beautiful, and on the whole entirely unconvincing, and doubly so in the light of the naturalistic first act.

The story of "Run, Little Chillun!" then returns to the lovers and the wife, and a sort of home-leaving scene written stiffly and sometimes with an odd semi-culture by which you get the impression of a child reciting. Acted at all well, it might at times survive, but the very possibility of the intense and vivid that is implied helps to make the effect of the acting and writing seem even worse than might be. To this impression Mr. Cleon Throckmorton contributes by designing a set with its own poetry—those deep nuances in the vistas at either side!—which only makes worse rubbish out of all it encloses. We survive, nevertheless, such moments—remembering meanwhile fragments of great beauty in the wood-cult scene—and come to the last act. There is a great revival meeting in the church. The wife, with prayer and elders and singing church members, regains the husband and the paramour is at the very last struck by lightning. Cutting out the moments of acting by the lover, the wife and the paramour, this was one of the most stirring acts I have ever seen in the theatre. The directing was superb. The tone was beautifully one, the gamut and music of emotion, the variety in qualities, moving and magnificent.

I grew up within hearing of just such a meeting place as this and ought to know something about it. It is obvious, as many Southerners seeing this act will say, that it is not entirely Negro, as they will already have said that the wood scene was only now and then convincing. Sticking to the last, the church meeting, I should say that one of the important things about it is, exactly, that it is not entirely Negro in the strict sense. There are moments when the music and the effect depart toward what might be called opera, and take on thus at the same time another beauty. Now and again come the hymns and spirituals—I was raised on them—and now and again come moments where Mr. Johnson creates more entirely in his own right, and with fine success. This is important because of the fact that it is impossible to remain one thing or to preserve—to be bent, that is, on preserving—the strictly Negro music and quality; an artist working in this field and being an artist has his own things to do with it. For that matter it cannot fail to be changed of itself in the mere course of history and circumstance. To my mind Mr. Johnson, in this scene and sometimes in the wood scene, shows up the stuff laid on "The Emperor Jones" at the Metropolitan to a degree that is shocking, not only his music but the singing as well, not to speak of the décor. Mr. Robert Rockmore, producing "Run, Little Chillun!" may thumb his nose at Signor Gatti-Casazza.

About the bad places in both "Conquest" and "Run, Little Chillun!" an odd irony arises. By coming off at diverse times so poorly, both do harm to the very thing that their best moments forward, and so to an impoverished, stubborn theatre that they would exalt furnish an argument in behalf of its sterility. Once at a concert I sat next to one of our greatest great actresses, who, I recall, was trying to keep time with her head to a *fioritura* Verdi aria —whose beat lay rather inside the head—that a Metropolitan soprano with a quite lovely voice was mussing through, structure and phrase, as if boning a chicken. What do you think of it? said the star, turning to me. I said, what do you think of it? I think she sang it beautifully, she said, but I don't like that kind of music. But it's not that kind of music, I said.

In the same way two such ventures as "Conquest" and "Run, Little Chillun!" as wholes, are not what they are. To ask them to be is to ask miracles, our theatre being what it is. But they have their special and immense importance, which we can only pray may be also prophetic.

STARK YOUNG.

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CORRESPONDENCE

Taxation of Investment Income

SIR: Recent estimates obtained indicate that the total securities such as bonds, mortgages, etc., yielding a fixed interest, amount to perhaps $150 billion. Assuming the average conservative yield at par to be 5 percent, the income from such financial paper figures over $7.5 billion. In view of the much greater purchasing value of the dollar in this time of depression, holders of such securities, who purchased them with easily acquired cheap dollars, are actual gainers relative to all other classes. Income from other financial paper, such as dividends from securities, etc., also amounts to $2.5 billion.

This money-creditor group, which constitutes banks, insurance companies, investment holding companies and other investors and money lenders, in my opinion, gets away with less than its proportionate share of taxation. For taxation is levied mainly on goods and service income, while the financiers evade taxation on investment income by retaining it in corporate structures that do not show profit.

My proposal is to tax such interest income at the source to the extent of 25 percent, providing for widows, etc., by the usual exemptions on minimum total incomes.

If only 80 percent of the debtors pay their interest this year, such a tax will result in about a $2 billion revenue. Thus a tremendous improvement in government credit status would be effected. Application of only two years' revenue of $4 billion to public-works projects and special farm aid will result in a total business turnover of many billions—sufficient to get us out of the mire of depression. By virtue of the increased business, the value of the taxed securities would become enhanced much more than the 1.25 percent of their face value expended in payment of the tax. Accordingly, not only will labor and industry benefit, but because of the greater safety of the principal, financiers themselves will likewise become beneficiaries.

Investors of capital must realize that only through increase in purchasing power of the masses can their investments remain secure. Accordingly, finance must stop clamoring for further reduction in wages and greater taxation on the productive public, but instead help provide the proposed large government credit for aiding all.

Will our investors take the long-range point of view or insist on their pound of flesh?

S. H. SEIDMAN.

Brooklyn, New York City.

Criticism by a Douglasite

SIR: We feel that in your editorial, "The Consumer and the Farm Bill" [The New Republic, January 18], the central issue was obscured by your handsome endeavor to deal with a wide variety of schools of monetary adjustment at one and the same time. The central issue as stated by The New English Weekly in its questioning of your stand is this: any redistribution of the total income of the American people, chronically insufficient to claim more than a diminishing fraction of our total national production, cannot fundamentally correct the present economic situation. While, as you remark, this position necessarily calls for new credits to redress the deficiency, these need not produce inflation and in fact Major Douglas's plan is sharply distinguished from the company it keeps in your editorial by provision for credit-issue on non-inflationary lines. But the great difference of Social Credit from other credit reforms is not our present concern; we wish rather to request further elucidation of some points in your position.

You state that a "proper" relationship among prices will expand purchasing power and call forth new credit. Do we understand you to say that in this way consumption can be equated to production, *i. e.*, that the community will be enabled to make effective demand on its total production in the future, if not today? In that case we should like to hear from you more explicitly on the overcoming by redistribution of the mathematical defect in our system of national loan accountancy pointed out by Major Douglas and summarized by him in the A plus B theorem. Only in this way, it seems to us, can the central issue be really engaged.

Again in what sense is there a "proper" or "correct" relationship among prices? We feel that on reviewing the evidence you will not hold to the pre-war relationship as a valid criterion.

If this "proper relationship" is to be attained by "intelligent control of prices," from what standpoint, producer's or consumer's, is the control to be exercised? Major Douglas's plan, as you know, calls for consumer control.

ELIZABETH S. HOLTER, Secretary,
The New Economics Group of New York.

New York City.

[Our correspondent shifts the issue. We do not argue that the Domestic Allotment Bill is a permanent measure for equating purchasing power to production; we argue merely that, as an emergency measure, it is capable of expanding total purchasing power as well as of redistributing it. This result would follow from its effect on the relationship between crop prices and other prices. As farmers are enabled to buy automobiles, machinery, clothing, etc., the manufacturers of these goods will employ credit to enlarge their production, the wage earners and others concerned will have larger incomes and total purchasing power will be increased. This conclusion does not depend on any mathematical theorem, but on common-sense observation of the way the economic complex behaves.

We frankly do not know what the "proper" or "correct" relationship among prices is, but we believe there is such a relationship at any given time, which could be determined in detail by an agency having in view the largest possible volume of consumption. It is a safe guess that the pre-war relationship between crop prices and industrial prices would permit a larger volume of consumption than the present relationship.—THE EDITORS.]

The Little Golden Calf

SIR: In his review of "The Little Golden Calf," by Ilya Ilf and Eugene Petrov (The New Republic, January 11), Joshua Kunitz accepts without investigation the assertion in the jacket blurb of the publishers (Farrar and Rinehart) that the book was refused publication in the Soviet Union.

"Zolotoy Telyonok" ("The Little Golden Calf") appeared serially in 1931 in Moscow in the popular literary monthly, Thirty Days, a magazine with a circulation of 40,000, published by the State Publishing House for Literature. The Literaturnaya Gazetta, August 23, 1932, reported that "Zolotoy Telyonok" was to be brought out in book form by the Publishers' Federation.

This mistaken assumption regarding the censorship of "The Little Golden Calf" led Mr. Kunitz into a series of blunders. He writes: "In declining to publish this book, the Soviet authorities were more consistent than was Lunacharsky in recommending it." The Soviet authorities did not decline to publish the book. They published it in a popular journal and, having due regard to the acute paper shortage, made preparations for its subsequent republication between covers. Presumably Mr. Kunitz also fell for the publishers' boast of an "introduction by Anatole Lunacharsky," as though Lunacharsky had made a special presentation to American readers of a book prohibited in the Soviet Union. Lunacharsky's appraisal of "The Little Golden Calf" was also published in Thirty Days after that magazine had run seven instalments of the book.

So also, under the influence of a publishers' publicity trick, Mr. Kunitz approaches this keen satire with anxiety regarding what he imagines to be its subversive nature. He writes:

> To confess, behind the resolution of this . . . irrepressible, individualistic . . . schemer, one feels not a deeply inevitable

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> conviction of the sublimity of labor and good citizenship, but a melancholy resignation to the drabness of Soviet life. . . . The authors aim to hit, and hit hard, at the most vulnerable spots. Theirs is more than Bolshevist self-criticism. In places they challenge the basic principles of collectivism and the communist state.

Such considerations do not seem to have disturbed the many Soviet writers, poets and critics who have acclaimed the work of Ilf and Petrov. The critic Selivanovsky writes:

> Ostap Bender, the embodiment of the spirit of private initiative, would, no doubt, be a brilliant business man in a capitalist country. In the land of the Soviets he is doomed to be a swindler.

Similarly, the poet Aseyev, in a blast against the "literary fakers" who "prey upon the creative perseverance of genuine writers," refers to the "shadows of the great schemer, long since satirized by Ilf and Petrov." In other words, Mr. Kunitz entirely missed the point.

BESSIE WEISSMAN.

New York City.

SIR: I regret that Mr. Joshua Kunitz's excellent review of Ilf and Petrov's satiric novel of Soviet Russian Life, "The Little Golden Calf," contained no mention of the translator. Mr. Charles Malamuth's responsibility for the book is more than that of a mere translator. While in Moscow as a press-association correspondent he saw fragments of "The Little Golden Calf" in manuscript while it was being written, helped the authors to obtain an American publisher and urged them to complete it, thus playing the important role of literary midwife. He likewise saw the value of a special introduction by Lunacharsky for the American edition, and obtained it on his own initiative. . . .

HAAKON M. CHEVALIER.

Oakland, Calif.

[On account of the discrepancies between this letter and Miss Weissman's, we submitted both of them to the translator, Mr. Malamuth, whose letter settles some points but leaves others uncertain.—THE EDITORS.]

SIR: The following chronology may shed light on the publication fortunes of "The Little Golden Calf," by Ilya Ilf and Eugene Petrov:

1. In June, 1931, in Moscow I received from the authors the complete manuscript of this novel.

2. In California in May, 1932, I received a letter from Ilf and Petrov, in which, among other matters, they mentioned that the novel had not yet appeared in book form in the Soviet Union. I thought this delay in publishing so important a literary work noteworthy, and mentioned it to the American publisher. . . .

3. Early in July, 1932, I received nine bound copies of "The Little Golden Calf" in my translation, with a request from the publisher to send six of the copies to Ilf and Petrov.

4. The bound books with the blurb reached Ilf and Petrov in Moscow the middle of August, 1932.

5. The Moscow Literaturnaya Gazetta of August 23, 1932, announced that the novel would be brought out in book form by the publishing house Federatsiya.

Thus there is some likelihood that the indelicate, inaccurate and insinuating blurb of those counter-revolutionary bourgeois publishers, Farrar and Rinehart, rendered service to the Soviet Republic by expediting plans for the publication of one of the important contemporary Soviet novels in Russia.

I have the original manuscript of Lunacharsky's introduction in my possession. Under the title, in red ink, in Lunacharsky's handwriting are written the words: "for the American edition"—*"dlya Amerikanskavo izdaniya."* I paid Lunacharsky one hundred rubles for that introduction (I have a receipt in Lunacharsky's handwriting on his own stationery to prove it).

In my judgment, Dr. Kunitz is one of America's most competent authorities on contemporary Russian literature. Miss Weissman's insinuation that he is dependent on American publishers' book blurbs for his information of Soviet literary events is too absurd and maliciously insulting to warrant serious attention. . . .

As to Dr. Kunitz's statement that Ilf and Petrov go beyond "Bolshevik self-criticism. In places they challenge the basic principles of collectivism and the communist state," I should like to state that I have always found Ilf and Petrov fiercely loyal to the Soviet regime, the basic principles of collectivism and the communist state; my impression is that their indictment is directed rather aganst the bureaucratic distortions of this regime, these principles and this state.

CHARLES MALAMUTH.

Piedmont, Calif.

Sixty-four Cents a Day

SIR: If one needed evidence of the small caliber of some of the so-called leaders of industry he has only to come to Detroit and see a few of the practices in vogue. The accuracy of the statements that follow is vouched for by the manager of a small plant who thoroughly disapproves of the advantages being taken.

He assures me that one of the well known auto-body plants is hiring laborers at from eight to ten cents an hour, and other workers in proportion. He cited another case of a shop making tools for some of the new models of cars. The manager of this tool shop went to the Welfare Committee and said he could use twenty or more tool makers, and so relieve the Committee of their support. He offered them twenty-five cents an hour, the standard rate averaging about $1.25. Having been offered a job, they could not refuse the pay, and the Committee reports a gain in employment. Incidents like these throw a strong light on the strikes at Briggs, Hudson and other factories.

The streets of Detroit now have fewer automobiles in evidence than in many years. For the workers who made up a large part of users (and purchasers) of cars can no longer afford to run them, even if they still own them. I wonder if the employers referred to expect to bring back a demand for more automobiles by paying workers from eight to twenty-five cents an hour!

Detroit has always boasted of being an open-shop town. Some of the shop executives feel very strongly that the treatment of men during this depression may materially change their attitude when business begins really to need men.

JOHN J. JACKSON.

New York City.

Recognizing Russia

SIR: An Independent Committee for the Recognition of Soviet Russia has recently been organized as a non-partisan body to bring the issue of recognition directly before the people of the United States. This committee urges prompt recognition of the Soviet Union on the following grounds: that Soviet Russia because of its stable government merits official recognition by the United States; that the people of Soviet Russia have a right to build a new social order as they wish; that recognition, bringing the establishment of normal trade and cultural relations, will be to the best interest of the citizens of both countries.

The Advisory Council of the Committee contains such names as William Allen White, William Allan Neilson, Franz Boas, Morris R. Cohen, Vida D. Scudder, William P. Montague, H. V. Kaltenborn, Fannie Hurst, Robert Morss Lovett, George S. Counts, John Haynes Holmes, Lincoln Steffens, Elmer Rice, Sidney Howard and others.

The forces opposed to recognition are strong and articulate. The forces which favor recognition must speedily make themselves felt at Washington. Therefore we urge all those who want to work for recognition to communicate with us at once, to circulate our petitions demanding recognition by the new administration. The headquarters of the Committe is at 9 East Forty-sixth Street, New York City.

MARGARET I. LAMONT,
Executive Secretary.

New York City.

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Erin Go Blah

The Adventures of the Black Girl in Her Search for God, by Bernard Shaw. New York: Dodd, Mead and Company. 75 pages. $1.50.

SHAW, like Great Britain, appears to have gone decisively off the gold standard. This little book represents a kind of intellectual currency inflated almost to the vanishing point. The sword-swallower in Shaw, who has always flourished side by side with the poet and the wit in him, has gradually gained the upper hand; and in the last few years the old gentleman has appeared almost exclusively in his Ringling Bros. capacity. The present work is aimed quite cynically at the side-show audience and at no one else.

In the glare of the artificial lights and the hubbub of the big tent, it is perhaps not too easy to see how the trick is done. In such an atmosphere it is perhaps amusing even to have "the square-root of minus x" transformed by the African heroine to "the square-root of Myna's sex." But in any other light the optical illusions disappear, the mechanics of the stunt become tediously transparent, and the performance evokes nothing but yawns. It is hard to believe that this low conjurer is the author of "Man and Superman"—at least until one remembers that there were moments, even in that work, of prestidigitation.

The theme of "The Black Girl" is of course religion. The heroine is a Negro girl who has been converted by an English lady-missionary and who, dissatisfied with the theology of her mentor, sets out on a private quest for God. With a Bible conveniently in her hand, she discovers, like the Higher Critics of the nineteenth century, that even the God of the Hebrews was not a single static conception, but an embodiment of ideas as different as Job's from Moses' and as Micah's from Job's. She falls in with a skeptical Greek, whose negations give her no satisfaction, and with a bespectacled elderly psychologist, whose remarks about the conditioned reflex seem to her highly critical intelligence the sheerest nonsense. She is dissatisfied, too, with the God of Love who is recommended to her by a gentle figure sitting beside a well—"I do not want everyone to love me," she protests; "I cannot love everybody"—and when she comes upon an ancient fisherman carrying an enormous cathedral on his shoulders, she learns from him merely that the formidable structure is made of paper. Her not very successful quest comes to an end at the villa of an elderly eighteenth-century gentleman, with penetrating eyes and a malicious smile, who tells her to beware of finding God lest the discovery shrivel her to ashes, and instead to take up her residence with him and help him cultivate his garden. Into this retreat intrudes a red-haired Irishman who, in a vigorous brogue, indoctrinates her with a highly ambiguous and probably bogus nineteenth-century vitalism, which takes her fancy so completely that she marries him in spite of himself, and probably—though Shaw spares us the information—adjures him to "Go on talking."

The woodcuts—which are too good for the text—give one the most favorable impression of the black girl's physical superiority; but the text itself is a less eloquent tribute to her intelligence. She wastes a great deal of time, to tell the truth, discovering things that most educated people have known for many decades, and she fails to observe that the various deities and prophets whom she comes upon have played very useful roles, culturally and politically, in their own day. Despite her defiantly critical manner, she never pushes her criticism very far or very deep, and at certain points she betrays something not unlike the obscurantism of Protestant Dublin seventy years ago. But she has a certain wit, and one wonders whether she would not make a better comic dramatist than a theologian or a philosopher.

NEWTON ARVIN.

The Novel Up to Date

The Twentieth Century Novel, by Joseph Warren Beach. New York: The Century Company. 569 pages. $3.50.

PROFESSOR BEACH has made in a large and brilliant way a survey of the irregular and confused literary contours of twentieth-century fiction. It is a prodigious enterprise. Many works on the modern novel have proceeded by the method of individual critiques, noting casually in passing the links between various writers, such as submission to contemporary taste or common strains of influence. Mr. Beach, however, has laid out the whole field topically, drawing illustrative material from a wide range of specification. If the reader is inclined to complain of a considerable strain on his attention, let him consider the extraordinary difficulty of applying a scholarly method of classification to work so immediate, to tendencies so uncertain and varying. And let him further lay it to heart that the book is unique in its field and quite indispensable to an ordered understanding of its subject matter.

As befits his scholarly approach, Mr. Beach views his subject in historical perspective, down the avenue of nineteenth-century fiction lined by great oaks—Scott, Dickens, Thackeray, George Eliot, Meredith, Hardy, Stendhal, Balzac, Hugo, Zola, Tolstoy, Dostoevsky. Writing for English readers, he deals chiefly with English and American fiction, but as the list indicates, he freely includes Continental writers whose procedure illuminates his theme, or whose example emphasizes it. In his chosen field Jacob Wassermann, Thomas Mann, Marcel Proust, André Gide and Sigrid Undset find place. Moreover, with a just perception of the mutual relations of the fine arts under the same psychological climate, he clarifies his exposition by references to poetry, painting and the moving picture. Thus, Mr. Beach's book is remarkable for the sheer mass of material with which it deals, for the skill with which this material is reduced to order and, it may be added, for the intelligence and critical judgment with which it is evaluated.

He reminds us at the outset that he is not writing a history of fiction in the period covered. He is trying to isolate the psychological forces on which that history turns, and to indicate their technical manifestation. Henry James was the first English novelist to evidence an exclusive preoccupation with his form, a complete absorption in his technique. As his admiring pupil Edith Wharton observed: "The writing of fiction was still, when his career began, an unformulated art in English-speaking countries. . . . For him every great novel must first of all be based on a profound sense of moral values and then constructed with a classical unity and economy of means."

In Henry James, then, Mr. Beach finds a point of reference, citing in his later work the completion of a technical change which had been going on slowly and with many reactions from the time of Fielding: "the disappearance of the author." Despite lack of popular success, James exercised an enormous influence over his contemporary craftsmen and craftswomen. Aside from Edith Wharton, Anne Douglas Sedgwick and other "honorable women

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not a few" who became his disciples, he imposed upon Stevenson, Conrad, Galsworthy, Wells, Moore, Bennett, Ford, the acceptance of the technical principle which, to be sure, they often violated, "that the story shall tell itself, being conducted through the impressions of the characters. It is this," Mr. Beach goes on to say, "which finally differentiates fiction from history and philosophy and science." To define this achievement in the art of fiction he invents the term "well made novel," which like the "well made play" indicates a certain mechanical perfection of construction according to established principles. Necessarily the most important of these is that of limiting and defining the point of view. It is noteworthy that almost at the beginning of the century we have a supreme example of the well made novel in James's "The Ambassadors," followed by a masterly exposition of its art in Mr. Percy Lubbock's "The Craft of Fiction."

In the period to which Mr. Beach takes title he finds that the experimental novel "represents in about equal proportions an intensification of James's methods and a reaction against them." The intensification results in the stream-of-consciousness technique; the reaction takes largely the route of expressionism. While the method of impressionism accorded admirably with the theory of the well made novel in its preoccupation with the effect of the phenomena of life and the world on character, it gave way before the desire of the post-impressionist to draw from such phenomena "an abstract composition for rendering some truth of his own conceiving . . . to make art a vehicle of the artist's personal reaction—his own spiritual life." Thus the author comes back into his work as a chief factor, not directly, like George Eliot and Meredith, but by all sorts of adroit devices. In "Ulysses" these devices are part of Mr. Joyce's art, which requires a handbook to explain its subtleties of reference and allusion.

One of the major developments in modern fiction Mr. Beach calls "Breadthwise Cutting"; that is, a slice of life cut not lengthwise, to follow a few characters in a linear plot, but horizontally, taking in a cross section of the world. This method, tending away from the single subject embodied in a dramatic situation or intrigue, endeavors to picture the large, multifarious, confused aspect of the world. Breadthwise Cutting gives room for expressionism, an opportunity for the author to set forth his own view of life, his social philosophy, by his selection of material. Among those who have availed themselves of this method Mr. Beach mentions and analyzes Joyce, Wassermann, Virginia Woolf, Evelyn Scott, Waldo Frank, John Dos Passos. He is particularly interested in the mechanical devices of expressionism practised by the last two. Of Mr. Frank he says, referring to the colloquy between the black and the white races in "Holiday": "I do not see how we can fail to acknowledge the boldness and originality of his invention. He has found, for one of the most important features of American life, for a psychological fact of the widest scope, a symbolic representation of vivid interest and power." In Dos Passos's devices of the Camera Eye, the Newsreel, the contemporary character sketch, he notes a structural element which carries the burden of a vast mass of fictional material, often in disconcerting discontinuity. In this conection he sets forth the significant feature of the twentieth-century novel:

> The author's first concern is no longer with individuals, with their precious moral problems to be met, their precious sentiments to be indulged. His first concern is with that Leviathan, society, striving weakly to adjust itself to the industrial conditions of the new world, more or less blindly struggling forward to the creation of a group consciousness and a group will. It is an unusual combination in one writer, so strong a social significance and so great a command of his craft. And it is this combination which makes Dos Passos one of the most important novelists now writing in English.

ROBERT MORSS LOVETT.

St. Guillotine

Saint-Just, Apostle of the Terror, by Geoffrey Bruun. Boston: Houghton Mifflin Company. 168 pages. $2.50.

OF THE OBSCURE young men who were suddenly swept into power by the French Revolution, none has remained more enigmatic for the historian than Louis-Antoine de Saint-Just, chiefly remembered as the lieutenant of Robespierre, and named by Michelet "the archangel of death." Though little enough is known of his early life, there have been efforts, calumnious on the whole, to paint him as a debauchee, because he had once written a mediocre and scabrous epic. His contemporaries spoke of him as "a brain of fire, a heart of ice"; or, "a youth, cold, ferocious, sanguinary." The revolutionary republic was the only mistress he loved. Though his physical beauty was great—he was fair, blue eyed and of regular features—he repelled with his "scornful glance and austere expression" all save Robespierre, the Incorruptible. His skillful orations, modeled after Demosthenes and Cicero, seemed "born of a mathematical certainty. . . . To found the Republic of his dreams he would have given his head and a hundred thousand heads with it."

Professor Bruun, though scarcely pardoning his hero's cult of violence, does justice to him by filling out the tale of Saint-Just's achievements, which had been left so vague. This youth of twenty-four was given no less to visions of political Utopia than to furious emergency action. He is shown as more energetic than Robespierre and more ruthless, sharing of his own right in every revolutionary crisis. One might say further that he courted all possible danger, making his own the decisive voice in the trial of the king, and in the condemnation of the "Indulgents," Danton, Desmoulins, Hébert and company. In his carefully prepared parliamentary speeches, brilliant for their economy, vigor and a certain stark logic, he evolved a theory of revolutionary justice which cut through all "formalities." Now he would join heartily in the idealistic labors of creating the free republic, taking a large part in drafting the Constitution of 1793, which was to cure all the ills of the body politic by building upon the "natural laws" of human society; or now, during at least half of his allotted public life, he would be off to the battle front, as proconsul of the revolutionary armies in Alsace and on the Sambre, engaged in the practical organization of victory, generating energy, reanimating, revivifying everything, or "making examples."

In a major revolution, produced by profound shifts at the basis of society, there comes a release of volcanic energies, while leadership seems to pass to youth. Most of the Jacobin chiefs were under thirty-five; overnight they turned themselves into military strategists, or scientists, or engineers, massing materials of war or industry, raising armies, feeding the people. A further quality of the insurrectionary leader is his sense of being an agent of destiny, of merging his individuality in the drama of revolution. "I have left all weakness behind. . . . I feel within me

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something which triumphs with the age," Saint-Just wrote. And still more impersonally: "I scorn this dust of which I am composed and which speaks to you!" This faith, this mysticism, when tempered by resistance and treason, assumes the rigidity of dogma, and brings forth in its turn the fully developed procedure of violence.

The dangers of the period 1793-94 are fully estimated by Professor Bruun: blows seems to fall from unseen hands, espionage, corruption, profiteering, hoarding, counterfeiting, counter-revolution, must be fought; from day to day the menace of invasion and the partition of France grows. The very defense and progress of the Revolution make it impossible to relax, to conciliate the enemy, as Danton advises. "Halfway" measures, as Saint-Just urges repeatedly, are unthinkable. He becomes the sincere apologist of dictatorship and the Terror—in order "to regenerate a people corrupted by centuries of barbarity and slavery," he would say. To guillotine or be guillotined, posterity would judge.

The biographer of Saint-Just writes well and is thoroughly familiar with the multitudinous detail of the French Revolution; I feel however that he probably errs in ascribing the fall of the Robespierre-Couthon-Saint-Just triumvirate to the great military victory of Fleurus in June, 1794, which removed national fear and the very need of the iron dictatorship which had brought victory. There were deeper causes; and Mathiez, who has revealed the less perceptible, economic workings of the Revolution better than any other modern historian, points to them clearly. In its final phase the Jacobin revolution moved steadily toward a first venture in socialism. Defense against the enemy within became a class war. "Opulence is an infamy," Saint-Just proclaimed. The disloyal were rich; the friends of the revolution were poor. The Committee prepared to effect vast confiscations of the property of suspects. Thus to the horror of the bourgeois a great expropriation was instituted by the decrees of 8 and 13 Ventose; and the dictatorship became a regime which was to last until these transfers were effected. The Robespierrists perished, Mathiez concludes, "largely for having wished to overthrow property."

The overwhelmingly individualistic spirit of the time was solidly opposed to the men of the Mountain in their last phase. The citizens turned from the quite glamorous visions of a Saint-Just or a Robespierre to make the paradise of petty tradespeople and small landowners which is France.

MATTHEW JOSEPHSON.

History Made Straight

"We, the People," by Leo Huberman. Illustrated by Thomas Benton. New York: Harper and Brothers. 375 pages. $3.50.

THERE was never made a more ironical gesture than the recent election of Charles A. Beard to the presidency of the American Historical Association: for Beard, dean as he is of American historians, has had only the slightest influence on American professional historical writers. Willfully, almost, the clear path he cut nearly twenty years ago, when his "Economic Interpretation of the Constitution of the United States" was published, has been disregarded and the vast majority of historical scholars have persisted in floundering in a morass that yearly seems to be getting deeper and darker. The continual preoccupation with monographic writings, which, because the subjects under examination are so microscopic, can scarcely ever be related in time and place to the flow of events; the escape into coöperative enterprises so that each individual participant can, with a clear conscience, shrug off responsibility for the absence of an integrated viewpoint; the collection of justifiably neglected scraps of social living, not because when carefully fitted together they form a significant object but because the cumulative effect of a great heap of junk is sometimes startling: these have been the characteristic activities of too many historical scholars.

Was there ever anything more futile, for example, than the recent heavily documented history of the Populist movement of the 1890's which, after recognizing that at the true center of Populism was a program calling for profound economic change, missed entirely the point that the embattled farmers had been sold out by pettifogging politicians who sought "success in our time"—and public office? Or the recent exhaustive history of the Muckrakers which, after chronicling all the failures of the Rooseveltian reformers, ended by hoping that perhaps a contemporary band of earnest persons would arise soon to tilt again at windmills? Or the simply gargantuan biography of Grover Cleveland which hailed that stubborn standpatter politician as a man of courage because he placed his reliance in an outworn economic creed that could no more resolve the difficulties of his day than it can of ours?

But Charles A. Beard's pioneering labors have not been in vain. Beard is being deeply read; and his significance lies as much in the influence he is exerting on an increasing number of non-academic scholars as in his own productions. Within the last few years there have appeared at least half a dozen writers on whom his effect has been profound: all of these are young men; none of them, interestingly enough, has had the technical training of the professional scholar. To this growing company must now be added Leo Huberman, whose "'We, the People'" is an imaginative, courageous and mature work.

"'We, the People'" was written as an introduction to the history of the United States for youngsters say of twelve or thirteen. Literally for the first time, it makes American history intelligible for children: and for that reason, because facts have been refined into their pure elements, it is, like other successful children's books, a performance no person of any age can afford to neglect. "'We, the People'" is characterized by a lively vocabulary, a happy utilization of original documents within the body of the text without muddying the swift flow of the narrative, and an unhesitating employment of abstract economic concepts when they are essential to the understanding of events. Huberman has pitched out of the window all the lying solemnities with which our school children today are being tricked by the official historians: the highmindedness of politicians, the righteousness that always characterized American causes, the social usefulness of the private acquisition of wealth, the disinterestedness of the state in class antagonisms. There are scarcely any dates or names; and no anniversaries, glorious victories, empty catch phrases.

This is a history of the American people in the true sense, with the mass as hero and victim, too. What we have, then—told reasonably, even objectively—are the realities of American history: European mercantilism and how it led to American settlement; the proletarian and middle-class origins of the American Revolution and how the bourgeoisie stole the fruits of victory; the terrible story of the conquest of the West; the conflict between slave owners and rising industrial lords that brought on the Civil War; monopoly capitalism, finance capitalism, imperialism and proletarian oppression that followed after the North-

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ern victory. If I have a complaint, it is that Huberman has skimped the story of the post-Civil War period; possibly this was due to a feeling that the book was already overlong. Thomas Benton's illustrations have caught remarkably the spirit of the book; particularly handsome are the jacket and endpapers.

I strongly recommend this book to John Dewey's attention: if he can get it adopted by boards of education throughout the land I shall almost be convinced that there is still some hope in the idea that our schools can reform society. As for Charles A. Beard, to whom the author acknowledges his debt, "'We, the People'" is a work of which he can be justly proud. LOUIS M. HACKER.

Berlioz Himself

Memoirs of Hector Berlioz, translated by Rachel (Scott Russell) Holmes and Eleanor Holmes, annotated and revised by Ernest Newman. New York: Alfred A. Knopf. 533 pages. $5.

NEWMAN tells us that when asked by Mr. Knopf to write a new biography of Berlioz he suggested a new edition of the Memoirs, since no one had ever been able to tell the story as well as Berlioz himself. Now it is true that very few men have written about music with the sound sense, the acute judgment and the brilliancy that Berlioz displays in his Memoirs. But this is a difficulty for the reviewer. That is, the only way to give the reader an idea of "the gayety, irony and pungency of Berlioz's incomparable style" as these manifest themselves, say, in his account of the competition for the *Prix de Rome*—of the classic poem which candidates had to set to music, and which always began, he says, with a line about dawning day or Phoebus' bright chariot, thus:

Déjà l'aurore aux doigts de rose . . . or:
Déjà le jour naissant ranime la nature . . . or:
Déjà d'un doux éclat l'horizon se colore . . . or:
Déjà du blond Phoebus le char brillant s'avance . . . or:
Déjà de pourpre et d'or les monts lointains se parent . . . etc.

—of the music to which the poem was set:

The sun rises: violoncello *solo,* slightly *crescendo.*
The little birds awake: flute *solo,* violin *tremolo.*
The little brooks murmur: viola *solo.*
The little lambs bleat: oboe *solo.*

. . . Then comes the recitative: "Already dawning day . . ." etc.

—of the awarding of the prize:

. . . The ceremony was precisely the same then as it is now. Year by year the same musicians play works which are almost always the same, and the prizes, which are awarded with the same amount of discrimination, are bestowed with the same solemnities. Every year, on the same day, at the same hour, the same academician, standing on the same step of the same staircase, repeats the same sentence to the successful candidates. The day is the first Saturday in October, the hour four in the afternoon, the step the third, everyone knows who the academician is, and here is the sentence:

"Now, young man, *macte animo;* you are going on a delightful journey . . . the classic home of the Fine Arts . . . the country of Pergolesi and Piccinni . . . inspired by those blue skies . . . you will return with some splendid work . . . the world is at your feet"—

the only way to convey the flavor of all this is to quote Berlioz.

On the other hand, no matter how brilliantly a man tells his story, there is, obviously, room and need for the story that can be told only by someone else. Berlioz, for example, relates that when he was about fifty he dreamed a symphony two nights in succession, but compelled himself to forget it, because he foresaw that if he wrote it down he would have the parts copied, give a concert, involve himself in trouble and debt—and all to no good end. But Newman, in the essay on Berlioz which he included in his "Musical Studies," points out that Berlioz's mental processes had been slowed down by the terrible physical pain he suffered, and the opium he took to relieve it; and suggests that he may have shrunk from the mental effort involved in writing the symphony. Newman's essay proves not only that a biography can be written, but that he is the man to write it. If there are few who have written about music as brilliantly and as well as Berlioz, Newman, in his best work, is one of the few; and his essay on Berlioz is part of his best work. The truth seems to be that for reasons of his own—quite possibly because he wanted to write his biography of Wagner, one volume of which has just appeared and will be reviewed in these columns—he did not want the job; and so he has contented himself with notes that correct the inaccuracies and fill in the gaps in Berlioz's text.

B. H. HAGGIN.

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Book Notes

Public Questions

TRIBUNES OF THE PEOPLE, by Raymond Moley. *New Haven: Yale University Press. 272 pages. $2.50.*

Mr. Moley, the new Assistant Secretary of State, was appointed to collect material for the Seabury investigation into the magistrates' courts of New York City. He describes the genesis of that inquiry and analyzes those tribunals, their functions, procedures, organization, relationship to the police and higher courts, and position as a political plum for Tammany district leaders. Concrete pictures and analyses of the court personnel, magistrates, clerks, lawyers, deputy assistant attorneys and bondsmen, are provided, and apt quotations from the Seabury report are used to illustrate the character of district leaders, and the manner in which they assert their control. A number of reforms are suggested. These relate principally to the centralization and consolidation of courts, and to a system for procuring a competent and honest personnel. In reference to this hope, the author concludes, somewhat pessimistically, "Before this can happen the authority that rules politics in New York City must bend itself low before the altar of self-renunciation." He sees no portents of this miracle. Mr. Moley's book was instrumental in the dissolution af the Committee of Fourteen, an organization financed by private funds which assisted the police in the eradication of vice. He shows how, despite the rosy optimism of the Committee and its close coöperation with the police, a graft ring outrageously and indecently mulcted innocent women. The book is thorough, stimulating and well written.

World Politics

THE CRISIS OF GERMAN DEMOCRACY: A Study of the Spirit of the Constitution of Weimar, by Herbert Kraus. Edited with an introduction by William Starr Myers. *Princeton University Press. 335 pages. $2.50.*

The author of this book is a professor of Public and International Law at the University of Göttingen, and the book as a whole is rather a treatise on the present German Constitution than a study of the present political crisis in Germany. An appendix gives a translation of the Constitution. Professor Kraus's analysis of the Constitution is decidedly instructive. He points out that in the Fundamental Rights (which correspond to the American Bill of Rights) every so-called socialistic right is offset by a bourgeois or capitalistic right, which restricts or annuls it, that Article 164 expressly protects the middle classes, and that, in the opinion of German lawyers, many of these rights have no legal force whatsoever. The dictatorial Article 48, which has recently acquired international fame, places such liberal rights as freedom of the person, press, meeting and association and inviolability of property, at the disposal of the President of the Reich. Article 122, which was designed to diminish Prussia and is therefore known as the *lex antiborussica,* has resulted in its very opposite. Although this is a republican Constitution, it permits unlimited reëlection of the Reich President as well as the election of members of the former reigning families to that office. The weakness of the Reichstag, while partly due to the mode of its election, is in Professor Kraus's opinion mainly ascribable to the popular political dissensions and to the waning of the idea of parliamentary democracy.

WORLD ECONOMIC SURVEY, 1931-32. *Boston: World Peace Foundation. 327 pages. $2.50.*

This is the first world economic survey issued by the League of Nations. Out of a mass of facts and figures the editor, Mr. J. B. Condliffe, has provided a comprehensive review of the world depression up to the middle of July, 1932, discussing the fall of prices, the shrinkage of international trade, difficulties in balancing international accounts, changes in banking structure and policy, wages and unemployment, public finances and commercial policy, etc. A valuable guide book for those who know how to use graphs and statistics.

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Fiction

THE FALLOW LAND, by H. C. Bates. *New York: Robert Ballou. $2.50.*

This is a novel of English farm life, dealing with the struggles of Deborah Mortimer to make the Mortimer farm pay. Her husband deserts her, one of her sons is killed in the War, and the other returns lazy and maladjusted. She accepts these misfortunes fatalistically, easing her sorrows by literally wearing herself out in working the land. Her struggle is successful, and she even stubbornly raises crops on the fallow field that her husband never would cultivate—but after her death the farm goes back to him. The book has a charm that is due partly to Mr. Bates's quiet but sensitive writing, and partly to his carefulness in delineating his characters, even those who play a minor part in the tale.

ORIENT EXPRESS, by Graham Greene. *New York: Doubleday, Doran and Company. $2.*

Mr. Green's new novel—a choice of the English Book Society—is an account of what breathlessly happened to seven people on the three-day trip of the Orient Express from Ostend to Constantinople. Structurally it is a "Grand Hotel" on wheels, but Mr. Greene's gift for spirited story-telling provides, in addition to excellent entertainment, moments of unexpected power and reality.

A LADY WHO LOST, by Alice Beal Parsons. *New York: Gotham House. $2.50.*

Despite the title, Miss Parsons' principal character is not the lady who lost, but the gentleman who chose to lose her—an amiable half-discouraged scientist traveling comfortably through his forties in a village which, though it overlooks the Hudson, suggests the Virginia background of Ellen Glasgow's novels. Hillyer is almost simultaneously in love with three extremely different women. One is the lady of the title, a married woman known to the village gossips as his platonic mistress; the second is Jewish, intellectual, aggressive, really in love with the husband she deceives; the third is a labor leader with two loves, Hillyer and the radical movement. These characters conduct their courtships at a time when the sheltered life of the village is upset by a sensational murder trial following hard after a bloody and unsuccessful strike. The principal weakness of the novel is a lack of unity between these dramatic events and the love story for which they serve as background. This weakness notwithstanding, "A Lady Who Lost" is an entertaining book, neither insulting the reader's intelligence nor making great demands upon it.

Contributors

SIDNEY HOOK is an assistant professor of Philosophy at New York University and a lecturer at the New School for Social Research. His article in the present issue of The New Republic is part of a chapter from his book, "Towards the Understanding of Karl Marx," which John Day is issuing this month.

CARLETON DREWRY is associate editor of The Lyric and contributes verse to various magazines. A first volume of poems, "Proud Horns," is to be published this spring by Macmillan.

JOHN T. FLYNN, who has contributed financial articles to a large number of magazines, is the author of several books "Investment Trusts Gone Wrong!" (The New Republic Dollar Series), "Graft in Business," and "God's Gold," a biography of Rockefeller which appeared last fall.

NEWTON ARWIN, an associate professor of English at Smith College and the author of "The Heart of Hawthorne's Journals," has started work on a life of Theodore Parker.

MATTHEW JOSEPHSON, author of biographies of Rousseau and Zola and of a volume of verse, is at present on his farm in Connecticut, contributing articles and book reviews to various magazines and working on a new book.

LOUIS M. HACKER is co-author of "The United States Since 1865," which was published last year, and is on the editorial staff of "The Encyclopedia of the Social Sciences."

B. H. HAGGIN contributes musical commentaries to The Hound and Horn and is at present writing on a book on the musical scene.

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